ELEMENTS OF CIVICS

PART I

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THE CIVIC LIFE

'As thou art thyself a component member of a civic system so let every action of thine tend to the completeness of a civi life. Whatever action of thine then has no reference, eith near or remote, to a social end, drags thy life asunder, and does not allow it to be one, and is seditious, like some individual who in a people separates himself factiously from the general agreement.'

Marcus Aurelius : Meditations.

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PREFACE TO THE NINTH EDITION

This text-book of Civics has been written primarily for students of Civics in India. It has been written in accordance with the syllabus of the Calcutta University and has also been prescribed as a text-book by the Nagpur University. But it is hoped that it will cover the requirements of the other Universities as well. A special chapter on the British Constitution has been added for the students of Dacca University.

From the popularity which it has been enjoying among the students and teachers not only in Bengal and Assam but also in other parts of India, I am encouraged to think that the book has not failed of its purpose. I thank all my friends and colleagues in the various colleges and universities for their sympathy and encouragement. In fact, the book owes much to the suggestions I have received from them.

In this new edition I have once again taken the opportunity of making the book still more useful to the student and to the general reader alike. Some chapters have been largely rewritten to bring them uptodate while in others the whole material has been carefully revised.

To Dr. A. C. Sen Gupta, M.A., D.Litt., I.E.S., Nagpur, to my chief, Prof. M. Sen, M.A., to my teacher, Prof. Nirmal Chandra Bhattacharyya, M.A., to my colleague, Prof. Sobhamoy Ghosh, M.A., and to Father D. Truyen, S.J., of the St. Xavier's College, Calcutta, my grateful acknowledgments are due.

My pupil, Prof. Sudhanshukumar Basu, M.A., has shared with me the responsibility of seeing the book through the press. Mr. Manindra Nath Basu, M.A. has prepared the

Index in collaboration with another old pupil, Mr. Nirmal Chandra Sinha, M.A., of the Department of History, Calcutta University.

My thanks are due to the Sri Gouranga Press and to Mr. G. C. Bose, for having expedited this publication.

Vidyasagar College,
Calcutta,
18th June, 1941.

M. K. SEN.

CONTENTS

BOOK I

POLITICS

BOOK II

Indian Administration

INTRODUCTION

Definition

Civics may briefly be defined as the study of man as a citizen.

More precisely speaking, it is, in the words of Mr. F. J. Gould, "the study of institutions, habits, activities and spirit by means of which a man or a woman (and in rudimentary ways, young people) may fulfil the duties and receive the benefits of membership in a political community."

Scope

It is the study of citizenship—municipal and national and the science to-day is being extended to include what is known as international citizenship.

In a comprehensive study of citizenship the citizen is not to be regarded "merely as a voter, rate-payer or town councillor." Rather, citizenship should be studied in all its *aspects*, namely, *social, political, economic and cultural*. Since a citizen's life should be many-sided, Civics deals with all these different aspects of the citizen's life.

For a fuller understanding of these aspects we should not merely study society as we find it to-day but should also look back into the past to discover the origin of our present society. Further, our study cannot be complete without some reference to future ideals. *The scope of Civics thus includes the past, the present and the future.* This has led White to define* the

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* Civics is derived from Latin *civitas*—the city state, and *Civis* in Latin means a citizen. Civics, therefore, is the study of man as a citizen.

scope of modern Civics* as everything (*e.g.*, social, intellectual, economic, political and religious aspects) relating to a citizen, past, present and future ; local, national and human.

The scope of our book, however, will be limited. *We shall restrict ourselves mainly to the study of municipal and national citizenship in their political and economic aspects.*

The term citizen has widened in its meaning. It originally referred to an inhabitant of a city. *Citizenship*, so regarded, *is, primarily, municipal* (that is, restricted to the town or village of which the citizen is a resident). As the result of a long process of political evolution men find themselves to-day to be members of a larger community, the country or nation-state. *At the present time citizenship is national and it refers to a man's membership of a national state and his rights and duties in relation to it. In recent years citizenship has been conceived of as international—transcending the boundaries of national states.* We are beginning to realise that a man or a woman has duties and rights not only as a citizen of his or her native city or state but also as a *citizen of the world.*

The Relationships of Civics

As Civics deals with the life of the citizen as whole, it is connected with almost every other branch of the study of man. The study of each of these subjects has some special bearing on the citizen's life.

Sociology and Civics

Sociology is the general social science Man lives in society and has many kinds of social relations, e.g., political, economic, moral and religious. Sociology aims at studying all kinds of social relations in their origin and development, not in detail but in broad outlines. In fact, Sociology studies every aspect of social life but only in its general principles. Civics, on the other hand, studies only one aspect of social life, its civic aspect, and that in considerable detail.

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* "The word Civics is linked, in its derivation, with *civilisation* and stands for a subject which has its roots in the hoary past and which is yet in the making.

Ethics and Civics

Men act, but some of their actions are judged to be good or right and others evil or wrong. What is the basis of this distinction between good and evil, right and wrong? Ethics attempts an answer to this question. It seeks to lay down the ideas or standards of human conduct. Anything which is contrary to these ideals or standards is evil or wrong.

These moral distinctions of right and wrong are applied not only to our actions but also to our institutions. Now, our civic conduct and our civic institutions are not ideal. In order that we, citizens, may live a better life, we must always seek the ideal. The ideal can only be approached by constant scrutiny of our civic conduct and our civic institutions. For instance, in India we have to contend with untouchability, child marriages, religious intolerance, civic indifference—some of the worst evils of our civic life in India. The evils have to be recognised and fought for the betterment of our civic life.

History and Civics

In its broadest sense history means the story of civilisation, and so history includes all subjects. But even in its usually narrow sense History is specially related to Civics. History tells us how and why we have come to be what we are. Such a study is not only interesting in itself but also useful as giving a clue to the understanding of our present day institutions and problems and as indicating the lines of future progress. The present is the product of the past and contains within itself the germ of the future.

The following topics generally found in other text-books fall within the scope of Civics: state regulation of agriculture and industry, public administration, public finance and national defence. In addition to these, further topics of civic interest may be introduced in history, such as, family life and its evolution, growth of villages, towns and cities, development of nationality, evolution of industry, educational progress and international relations.

Geography and Civics

The part of geography known as human geography is specially related to Civics. "From the point of view of citizenship, geography will become the story of man's discoveries on this earth and of its influence on his life and on his occupations." The young citizen should begin the study of geography by a survey of his village and district and then proceed up to the whole of the community. The geographical basis of agriculture and industry and the geographical factor under-

lying political phenomena are of special importance to the student of Civics.

Science and Civics

Science has brought about great social changes which have revolutionised our life and character. The greatest teachers of science preach that the ideal of science is service of society. The young citizen who desires to serve his community should know the lives and achievements of great men of science and of their trials, sufferings, motives and ideals. The application of science to our everyday life for making that life happier and richer is and has been the constant endeavour of our leading scientists who are also among our foremost citizens, *e.g.*, Edison, Marconi, Vavilov, P. C. Ray.

Literature and Civics

The study of literature makes clear to the citizen the spirit and the ideals of the nation. And an intelligent appreciation of these ideals will lead to the rise of a better type of citizens. Literature and citizenship are thus related. Good literature can help, to a large extent, in developing our social conscience and civic life, *e.g.*, the works of Rousseau, Tolstoy, Mazzini, Gorki, Bernard Shaw, Galsworthy, Rabindranath.

Art and Civics

By portraying the scene, the landscapes and the characters, typical of the nation, art strengthens our love for the nation and for the country. 'The Greeks consciously pictured their ideals in the Nine Muses'. The expression of the soul, of the spirit and the aspirations of a nation, is also to be found in its music and sculpture, a profitable study of which should serve to broaden our civic ideals. National songs also can rouse a nation and enliven it, e.g., *Bande Mataram, Jhanda Uncha Rahe Hamara,* etc.

Civics and Politics

Civics is, primarily, a study of man in relation to the political community of which he is a member. So we should begin with the study of Politics, of the nature and purposes of the state, and the organisation and functions of government—national and municipal. Having studied general principles, we shall take up the study of the government under which we, Indians, live and of our rights and duties as citizens.

Of all branches of study, Politics is the one to which Civics is most closely related. Indeed, Civics may, in a sense, be regarded as a sub-division of Politics. Civics, however, lays stress on the ethical and practical sides of Politics. '*Facts and experience, not merely theories and ideas, are the subject-matter of Civics. It studies the actual rise of nations and states rather than, or certainly before, a Theory of the State; it traces the struggles for freedom throughout history—their causes, methods and effects—before discussing the Nature of Freedom.*' Civics studies Politics with a view to the training of the character of the citizen for the fulfilment of national ideals.

Civics and Economics

But Politics and Economics have never been separate. In the modern world, questions of Economics are so much interwoven with political questions that the citizen can hardly fulfil his duties without a knowledge of the principles of Economics, the science of wealth and welfare. Indeed, the citizen of to-day has come to regard political institutions as valuable only in so far as they contribute to his welfare in the economic as in the other spheres of life. It is of fundamental importance, therefore, to the young Indian citizen to acquaint himself with the causes of the very abject poverty, misery and degradation of the people who surround him and baffle him in every step. It is, therefore, quite in the fitness of things that Civics should embrace within its scope a study of Economics. And here also, having studied the general principles of the science, we shall proceed to a study of economic life in India.

Importance of the study of Civics

'Education with us should be a real preparation for life. Preparation for citizenship is the most important part of the education of our youth since the students of to-day shall be the citizens of to-morrow. This preparatory study becomes more necessary and more urgent because now more than ever a more efficient citizenship is needed to deal with the many problems of citizenship which crowd daily upon our attention—problems which become more insistent and more complicated day by day.' Our failure to solve these problems would lead to much

misery and suffering. And this we can perhaps avoid if we train ourselves in the right kind of civic conduct.

The student-citizen of India, to-day, is faced with various problems such as ignorance, disease, poverty, untouchability, child-marriage. Unless these problems are solved, we cannot develop a healthy national life. And in this work of national uplift the students have to play their part. Before them is the noble example of the students of Germany, Denmark, Russia and China and they must prepare themselves for this larger citizenship with zeal and devotion. They have, first of all, to be awakened to their sense of responsibility. This sense of responsibility shall dawn upon them as a result of the study of Civics. A study of Civics will also give them the knowledge, training and discipline so necessary to make them honest and efficient national workers who will worthily contribute to the regeneration of India that she might take her rightful place in the family of nations.

Aims and Methods of the Study of Civics

Civics should not be regarded as a subject of mere theoretical study. On the contrary, it has a practical objective of supreme importance—to make our life nobler and happier. *"All the teaching and discipline should converge to the giving of knowledge, the arousing of interest, the training of appreciation, the inculcating of a right attitude and the kindling of inspiration."* Knowledge, interest, discussion and understanding, however, are not sufficient, unless they lead to definite action in some sphere by the student-citizen. A study of Civics should lead to the formation of the habits of helpful, constructive, participating citizenship working for the achievement of a nobler and happier life for all. The aims of the study should be to help the youth—boy or girl—to acquire habits of clear thinking, keen observation and fair dealings; to cherish noble ambitions and love for his fellow men; to encourage him to play his part in solving the problems of the community.

Thus, in Civics it is essential that the torch of reality should ever be present. The student must be made to feel that while studying Civics he is really studying life, studying himself, his past and his future. His interest may be best kept alive by promoting a spirit of investigation into his own surroundings. The method of regional survey is considered to be the most useful. The sphere of investigation may

be widened gradually till it covers the whole world. The student may begin with his own home. He may next take up the street in which he lives as the field of his enquiry. From the street he may proceed to the village or to the town, from the town to the district or province and so on till the whole world and its problems become the subject-matter of his study and research.

Summary

Civics is the study of a man as a citizen. Citizenship is local (*municipal*) and national (*political*). It is also becoming international.

The scope of Civics includes the past, the present and the future. It embraces municipal, national and also international citizenship.

Civics is related to Sociology, Ethics, History, Geography, Science, Literature and Art. Its relations with Politics and Economics are more intimate.

The study of Civics is highly important because it means a preparation for citizenship—a valuable preparation for our life.

The study of Civics has definite practical aims. One of the best methods of the study of Civics is the regional method.

BOOK I

POLITICS

POLITICS

What is Politics?

Politics* is the science of government. It makes a systematic study of the state and of government and of the various relations between the state and the individual. As such Politics cannot but discuss the rights and duties of the citizen in relation to his state and government.

Importance of the Study of Politics

Politics is a very important study because every one who lives under a government should know what are the fundamental principles underlying a government, what are the duties of a citizen towards his government and also what are his rights which the government should protect.

This knowledge is all the more important to us who live in India. The problem of government which is difficult everywhere is doubly so in India, because India is governed by foreigners.

The goal of all our present-day political activities is Swaraj or Home Rule. The sons and daughters of India—the students of to-day who will be citizens to-morrow—should know the basic principles on which all governments rest. They should know the conditions which make good government possible. The study of government is therefore one which no Indian student, who has the good of his country at heart, should neglect.

Youth and Politics

The age in which we live is to us the most interesting in the history of the world. The peoples of the world, disillusioned by the

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* Politics is derived from the Greek word *polis*, meaning a city, with its derivatives *polites*, a citizen and the adjective *politikos*, civic.

horrors of war and strife, are all seeking eagerly and earnestly for what they conceive to be the best form of government under which they may find happiness and security and the development of their talents to the best. In the next quarter of a century, as you come to play your part in this great world, you will be, no doubt, inspired by the thought that the welfare of hundreds of millions of people scattered all over the earth is bound up together and that a responsibility rests upon each one of you to secure the welfare of your fellow-men. You must take an interest in government and in citizenship. *You may not wish to enter politics, but whether you wish it or not, governments everywhere are tending to influence your life and the life of all individuals.* You should, therefore, know what is going on, should form your own opinion and give your own judgment. Otherwise you cannot defend yourself or your people from a wicked or stupid government. As the whole is the sum of its parts and as you are a part of your country, you are bound to have some influence, good or bad, in the shaping of the life and destiny of your people. *You have to defend the rights and liberties of your people* from the foreigner's attacks and you may also have to be on your guard within. *The country is looking to you to-day for the leadership of the next generation—leadership of faith and character—for courage, discipline and efficiency.*

You have to take an interest in everything that concerns the well-being of the people, their *education, health, housing, employment, wages, industry, public affairs, the government of your village, town or province, the progress of your country and the Nation's Parliament.*

In a few years the Nation's Youth will control the affairs of the state. They will have to face the great problems of the nation. How will they prepare for their great task? Let them think for themselves. But they must not be mere dreamers—their thoughts must rouse them to action—*not dreamers only but doers as well.* Also, they must direct all their actions and thoughts to seeking the good of the nation rather than that of the individual.

CHAPTER I

ORIGIN AND DEVELOPMENT OF SOCIETY

"The citizen's life touches the present most directly but the present is a continuation of the past, and therefore he should know something of the growth of institutions." Let us, therefore, deal briefly with the origin and development of human society. The first question which naturally suggests itself to a student of Civics is: how and when men came to live in society, in other words, *what is the origin of society?* The answer is: *men group together and form into communities, because, in the first place, they, by nature, abhor loneliness and love company, and, secondly, they cannot live without mutual aid. Society is a necessity to them for the latter reason. Thus men live in society both by nature and by necessity.* Nature *impels* and necessity *compels* men to live in society.

It is impossible to indicate any point in history at which men began to live a social life for the first time. But it is important to note that though men lived in society even at the very beginning of human history, primitive society was different in many important respects from modern society. Society* passed through various phases of development before it reached its present form. Nor has the development taken place uniformly in all countries. Modern research workers believe that there is a separate history of society for each separate cultural area.

* An aggregate of men living together and united by common interests and relationships may be termed a society. A human society is distinguished from the types of social life exhibited by a lower order of beings, *e.g.*, bees, wasps, ants, in that there is in the minds of the members of human society a *common consciousness of mutual interests and aims.*

Thus many scholars regard the present social life as the product of a long evolution which we can trace from the family.* The family with the eldest male as its head gradually broadened into the clan† or Gens. The clan developed into

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***Family.**

Family may be defined as a social unit consisting of one or more men living normally in the same habitation with one or more women and children, at least during their infancy, who have resulted from or appear to be connected with their union.

Two broad types of family may be noted, (*i*) *Patriarchal,* and (*ii*) *Matriarchal. In the patriarchal family* descent is traced through a direct male line to a common male ancestor and authority is vested in the oldest living male. This authority was absolute and undisputed even over the grown-ups. The property and even the lives of the family were at his disposal. *In the matriarchal family* the lineage is traced through the mother or a common female ancestor. *Matriarchal families* are to be found in Egypt, Tibet, Southern India and a few other places. The mother in such a family, however, has not that supremacy which is enjoyed by the father of a patriarchal family. The most common form of family was the patriarchal type and this led Sir Henry Maine to assert that the original family was patriarchal. In most countries the family has been organised on the *patriarchal* basis and only in a few countries on the *matriarchal* basis. The classic example of the patriarchal family is the ancient Roman family where the eldest male held an almost despotic sway over all other members.

The Modern Family.

A typical modern *family* consists of the husband, wife and children. In a joint family in India the husband's brothers with their respective wives and children often live in the same family. The father remains nominally and legally the head of the family. If the father is the head of the family, the mother is to-day its centre and on her depends its welfare.

The family is an association for the promotion of the common good of the members who compose it. It is in the family that the young citizen first learns the meaning of society and the value of social habits. It is here that he learns to sacrifice himself for the good of others. The family has, therefore, been called "*the eternal school of social life.*" "*It is the great storehouse in which the hard-earned treasures of the past, the inheritance of spirit and character from our ancestors, are guarded and preserved for our descendants. And it gives the great discipline through which each generation learns anew the lesson of citizenship that no man can live to himself alone.*"

† Clan

The clan is a group of families with common ancestors. Primitive clans were often distinguished by a distinctive symbol or *totem, e.g., snake, kangaroo.* The clan is a wider though a more loosely knit social group than the family. In ancient times the clan exercised a great influence in holding men together and in inspiring them with

the tribe and the tribe* finally gave way to territorial society in the form of commonwealths or states. Family, clan, tribe, state thus form a series of concentric circles, gradually widening out from the same centre.

For a long time after the emergence of the family as the social unit, the individual had no life distinct from that of the family. The next important stage in the development of human society was marked by the recognition of the importance of the individual as such. It must be here noted that such recognition did not come all on a sudden. It was rather the result of a slow process which began hundreds of years back and extended almost into our own times. *The importance of the individual in society has been fully recognised only in comparatively recent times.* It is the individuals who are the members of society and for whom society exists. *Modern society exalts the individual.*

In the next chapter, therefore, we shall take up the study of the individual in relation to society, the aims of our society and the two important social ideals of order and progress.

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the social spirit. In modern times the development of nationality has greatly weakened the influence of clan life.

The clan is a social group of fundamental importance in the structure of many primitive societies. Membership of the clan is determined either by descent through the mother (matri-lineal clan) or by descent through the father (patri-lineal clan or gens). This does not mean that descent can always be traced, though belief in such a descent is always present. *The clan's most striking characteristic is the solidarity of feeling, clan responsibility for individual members.* This unity of the clan frequently extends to political and economic spheres.

*** Tribe**

The tribe is a group of clans under a recognised chief or chiefs. The tribe is anterior to the modern state. The tribe is believed by some scholars to have been anterior to the family. According to them family life became possible only when nomadic tribes settled on land.

A tribe is defined by Dr. Rivers as a *"social group of a simple kind, the members of which speak a common dialect, have a single government and act together for such common purposes as warfare."* In the simple government of a tribe is implied *a political unity of a very simple kind,* which may not imply the existence of any obvious mechanism of government.

Summary

Men live in society both by nature and by necessity.

The origin and development of society is a long history in which we find family as the first social unit. Next came the clan, then the tribe and then the state and our modern society.

In modern times great importance is attached to the individual who is the social unit.

CHAPTER II

SOCIETY AND THE INDIVIDUAL

The Individual in relation to Society

The word *Civics* is related to the words *citizen* and *civilisation*. The study of Civics is the study of the science and art of citizenship. A citizen is an individual but he is not a mere individual, that is, an individual in isolation. A citizen is a civilised individual. Civilisation grows only through the growth of society. It is in society that the individual can be his civilised self. Civics, therefore, studies the individual in relation to society.

The need of Society

We have seen that men live in society both by nature and by necessity. By instinct man is *impelled* to lead a social life. As Aristotle said, man is by nature a social animal. Necessity, too, *compels* a man to live in association with other men. *This necessity is both material and moral.*

Material necessity consists in the quest of food and in the desire for protection against nature, wild beasts and enemies. These needs are the needs of self-preservation.

Moral necessity consists in the desire for a good and beautiful life. Unlike other animals men possess an almost instinctive moral urge. A good or moral life is only possible when men live in society recognising certain common rights and duties which are enforced by habit, custom, public opinion and law. There can be no good life without society. A beautiful life is expressed through love, friendship, science, art and literature. These activities are possible only in and through society.

Civics and Civilisation

The various social activities and relationships of man constitute what is known as civilisation. The best citizen is he who represents the best elements of civilisation just as the best civilisation is that in which the individual has the fullest scope to be his best.

As far back as we can look into history and even in the pre-historic period, we find men living together in society. The earliest societies were no doubt rudimentary but there is no evidence of man ever living in a completely pre-social or ante-social stage. We can, therefore, say that *there is no society without individuals and no individual without society.*

Wherever there is society, there is civilisation—even among aborigines and cannibals we have a civilisation primitive in kind. Civilisation has progressed from an extremely low stage to its present high general level and is still progressing towards higher ideals and more complex forms. The good citizen must identify himself whole-heartedly with this progress.

Progress not uniform, nor identical

There are, however, many different types of civilisation. The progress* of our civilisation has not been on the same lines. Laws, institutions, customs became different in different societies. At the present moment we see that each nation or

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* The beginnings of our civilisation are lost in the shadowy past in which social institutions were being unconsciously formed and its development has followed the general laws of revolutionary growth.

New contacts brought not only new ideas but also new institutions. *Thus, in the fermentation of ideas from movements and conquests, was the door opened to change or progress. 'Adapt or die of stagnation' is the law of life from which there is no escape. Progress lies in this adaptation, in this change.* Progress has taken different forms and has proceeded at varying rates in different communities. But, in general, it has been characterised by man's increasing control over nature and a better and more elaborate social organisation for man. At the same time unconscious evolution has given place to purposeful action and well-planned development.

political community has a culture and heritage peculiar to itself. *The primary aim of the citizen of any given political community is to promote the general good of that community.* But this aim need not be in conflict with *the ultimate aim of all good citizens in all communities—the promotion of the good of humanity.*

Aims of Society

The chief *aim* of society is *the development of the individual. Society should be so organised as to give every individual the fullest opportunities for the development of his powers and faculties.* Self-development should not be confused with selfishness. No individual should be allowed to develop at the expense of others. Everyone should co-operate for the general good. The highest development of the self takes place through self-sacrifice, *i.e.*, subordination of self-interest to the good of society. Service, which is the highest social ideal, consists in self-development through self-sacrifice.

As there should be perfect harmony between individuals in a society, so there should be *complete accord amongst the nations of the world.* Each nation should have the fullest freedom to develop its collective life, its culture and ideals but no nation should attempt to thrive at the expense of other nations. The spirit of sacrifice or service should animate nations as much as individuals. The citizen should be trained not only to place the nation's interests above his own but also, if necessary, the interests of the world above those of his nation.

The aims of society are thus (a) *the development of the individual in harmony with the good of the nation, and* (b) *the promotion of national life, culture and ideals in consonance with the good of the world.*

We are beginning to realise that the fullest development of the individual's personality is the main function of society. It is true that *the individual cannot develop his personality at the expense of society or in isolation from it.* He is a part and parcel of society and

he must submit himself to social discipline, if society is to progress at all. *"Man perfected by society is the best of all animals; he is the most terrible of all when he lives without law and without justice."* —Aristotle.

On the other hand, we must not suppose that society is an end in itself, that its happiness is something beyond the happiness of individuals composing it. In the end, *social progress* is the sum-total of individual progress, and even for its own sake society is to take care of the individual. The aim of the Individual as of Society is the making of life everywhere as happy as possible.

The Ideals of Order and Progress

Civics is commonly supposed to deal only with problems of government with special reference to the rights and duties of the citizen. But the scope of Civics is co-extensive with the whole sphere of society.

Civics, however, studies society not in the abstract but in the concrete. Its emphasis is on right action and right conduct. Its aim is to find out correct ideals and inculcate them in the mind and character of the individual. These ideals fall under two general heads: (1) *order* and (2) *progress*. The object of *order* is to preserve the best elements of national culture and world civilisation. But neither national nor world culture is perfect. Some elements in them require reform. So an ideal of *order* is not sufficient in itself; it should be supplemented by the ideal of *progress*. It has been said that the heritage of every man and woman born in this world is *"a great past, a great present and a most hopeful future."* The outlook of the citizen must be progressive. We must build upon the past, and act in the present with a view to progress in the future. The good citizen must make a ceaseless endeavour to root out all that is evil and seek to introduce all that is good and beautiful in order that we might all live a better life in a better world.

Summary

Civics studies the individual in relation to society because it is in society that the individual can be his civilised self.

The individual's necessity of society is twofold—*moral* and *material*.

There is no society without individuals as there can be no individuals without society.

Civics is related to the word civilisation as it is related to citizenship. It studies both.

The progress of civilisation has not been uniform, nor identical.

The main function of society is the fullest development of the life of the individual.

The aims of society are (1) the development of the individual in consonance with the good of the nation, (2) the development of the nation in consonance with the good of the world.

The two great ideals are Order and Progress—the citizen must build upon the past, act in the present with an eye to the future.

CHAPTER III

EVOLUTION OF THE STATE AND THEORIES OF THE ORIGIN OF THE STATE

The Evolution of the State

*"The state is the gradual and continuous development of human society, out of a grossly imperfect beginning, through crude but improving forms of manifestation towards a perfect and universal organisation of mankind."**

In a previous chapter we have noticed that out of an imperfect social organisation slowly evolved the family, perhaps the first distinct social unit. *The family, perhaps, the earliest model of our state, gradually broadened into the clan, the clan into the tribe and the tribe into the state or the commonwealth.*

Thus do people trace the origin of the state, though *the origin of the state has not been uniform. It is very difficult to fix precisely the time at which the state came into existence* as it is difficult to make a sharp distinction "between the earlier forms of social organisation that are not states and later forms that are states", between the last tribal state and our first modern state because the one shades off gradually into the other. The state, like most of our early social organisations, may be said to have emerged almost imperceptibly.

The imperfections of our modern national state due to their national rivalries have led many people to think seriously of a more perfect and universal organisation of mankind—the world-state which alone, it is suggested, can guarantee order and progress.

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* Burgess.

Forces in State-Building

Besides the natural and physical factors, the important forces or factors in the building of the modern state, *according to Gettell,* have been :—

1. *Kinship*.
2. *Religion.*
3. *Need for Order and Protection* to which one may add *Force* as an indispensable factor in the evolution of the state.

Each of these promotes unity and organisation without which we cannot have the state.

1. Kinship

In early society kinship, real or supposed, was one of the most powerful bonds of union. People came together and lived together only when they considered themselves of the same blood. *The unity and organisation of the family as of the clan and the tribe derived strength mainly from this idea of kinship.*

How strong was the bond of kinship may be realised when you feel even now the rigours of the *gotra* and the *caste,* survivals of the old idea of kinship.

2. Religion

The importance of religion as a force in the evolution of the state cannot be over-estimated.

The solidarity of the tribe was secured and discipline enforced by a religion common to all members of the tribe. Religion in those days regulated every aspect of the life of man. This religion was interpreted by priests and patriarchs who had despotic sway because they were supposed to have divine power, being the very agents of the gods. *In the early days of primitive anarchy and barbarism, religion alone could teach our noble but ferocious and savage ancestors reverence and obedience. And without these habits of obedience and reverence, created and developed by religion, there could not be that discipline and obedience to authority on which all states and governments must rest.*

Thus through religion the ruler not only derived his authority but also extended it over families and tribes. He was to be feared, revered and obeyed because his commands were all inspired by the gods.

The ancient states were accordingly all theocracies and despotisms with religion as their basis. The king was the priest of God or the agent of God. To go against the king was to go against God. The king claimed the divine right to rule and govern.

"Long after the ties of kinship had been forgotten, with the growth and movements of peoples, common religious beliefs were sufficient to unite peoples, to support dynasties, to create states." Though the theory of the divine right of kings has long been demolished and abandoned, it remains strongly entrenched behind the thrones of Tibet and Nepal (and until recently Siam, *Thailand*). A faint trace of it may be discerned in England as well, where the king has among his many titles, the title 'Defender of the Faith.'

3. Need for order and protection

In addition to kinship and religion there was also the very important influence of the economic and military factors.

The state arose inevitably out of the need for order and protection felt by the early peoples as they gradually settled down on land to a comparatively peaceful life. The domestication of man made the tribe more stable. It gave up its nomadic, wandering life. With the settlement on land the idea of property developed.

As numbers and wealth increased, the need was felt for the protection of life and property from internal as well as external aggression.

The emergence of the state was hastened by the need for protection from attacks by hostile tribes. *'War begat the king.'* A war called for a chief or general, as united and disciplined action was necessary for defence. Thus did wars strengthen the unity of the group and the authority of the chief. Successful war leaders have become kings (*e.g.*, the Indian Kshatriya kings were military chiefs of their clans) and wars have established states.

These chiefs not only secured the *protection* of the tribes from external attack but also established *order* within by giving their peoples the much-needed security of life and property.

In the early organisations of state, in the defence and organisation of society, force* was thus an indispensable factor. Even now it is of considerable significance; with the growth of civilisation, it has hardly declined in importance.

Our preliminary definition of the state would, therefore, be "wherever there can be discovered in any community of men a *supreme*

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* The idea of *force* as the basis of the state was in the mind of Ihering when he defined the State *'as the form of a regulated and assured exercise of the compulsory force of society'* just as the idea of *social organisation* was uppermost in the mind of Burgess when he described the state *'as a particular portion of mankind viewed as an organised unit'*.

authority controlling the actions of individuals and groups but which is itself not subject to such control or regulation, there we have a state."

Theories of the Origin of the State

Before we come to examine the nature of the state more fully it may be convenient to note here the different theories regarding the origin of the state. These are (1) *the theory of Social Contract*, (2) *the theory of Divine Origin*, (3) *the theory of Force*, (4) *the Organic theory* and (5) *the Historical or the Evolutionary theory.*

(1) The Social Contract Theory

The theory of social contract is an old one. It is mentioned by Plato in the second book of his *Republic.*

Its greatest and ablest advocate was Rousseau, the great French philosopher. The contract theory attempts to establish both the origin and the nature of the state.

According to the social contract theory, *men, before the appearance of the state, lived in a state of nature in which there was no civil law regulating men's life.* Of the advocates of the social contract theory some say that *life in such a state was "solitary, poor, nasty, brutish and short,"* while *others, including Rousseau, depict the state of nature as "an earthly paradise, in which happiness, innocence and the joys of unrestricted freedom abound without limit, where equality reigns, where the yoke of law and the burdens of state press upon the shoulders of no man and where none are subjects and none sovereigns."* One of Rousseau's most famous sayings is, "Man was born free, but everywhere he is in chains."

But freedom in a state of nature was necessarily insecure, since there was no authority to punish those who would interfere with it. So men entered into a *contract* by which they surrendered their natural freedom to get in return the protection and advantages of membership of an organised community. *This is the origin of the state which was based on a contract involving the consent of the people. Hobbes* held that the powers once surrendered by the people remained with the king who was the absolute and undisputed sovereign. *Locke* felt that it was not the king but the people who ultimately remained

sovereign. *Rousseau,* on the other hand, preached the absolute sovereignty of the people.

The theory had a great influence in moulding political thought in Europe and America in the 18th and 19th centuries. The idea of consent in the Contract Theory appealed to the French and the American peoples. The French Revolution as also the American War of Independence derived their strength from the ideas contained in the theory that *men are born free, that the right to govern has its origin in the consent of the people,* and that *the powers of government are to be exercised for the general good.*

No doubt there is a great deal of merit in this theory. *It puts emphasis on the idea that the authority of the government is derived from the consent of the governed and thus checks governmental tyranny.* But it is impossible to hold it as a true theory regarding the origin of the state.

The conception of a state of nature as distinguished from civil society is a difficult and unnatural one. Further, the theory implies a misconception of the nature of liberty, since true liberty could not exist in a so-called state of nature. True liberty can exist only in civil society, that is, in a state. The theory thus proves to be *false both historically and logically.* The theory has been sometimes criticised as a dangerous one because it tends to diminish men's regard for established authority and can be invoked in favour of violent revolutions.

(2) The theory of Divine Origin

This theory states that *the state was founded by God.* This theory is allied to that of the divine right of kings according to which kings are the chosen of God and as such they rule by divine right which should on no account be questioned.

As Garner puts it, "the theory was never more than an invention of men to bolster up the claims of autocratic rulers to hold their crown independently of the will of the people and to govern absolutely." *The theory is fully exploded now* and there is no enlightened community on earth which believes in the divine origin of the state or in the divine right of kings.

(3) The theory of Force

According to it, *the state is based on force and is maintained by force.* It is the result of the subjugation of the weak by the strong. Civil society had its origin in the stronger getting control over the

weaker members of the community. According to this theory, might would be right.

The theory has been applauded by some as a true theory of the origin of the State. But it is not. There is, no doubt, some truth in this theory. The state requires force. But it is not altogether based upon brute force. One of the permanent bases of the state is the moral support of those over whom it exercises authority.

Will, not force, is the basis of the State

The real basis of the modern state is consent. *'Will, not force, is the basis of the state'*, said Green, the great English political philosopher.

With the advance of democracy, civilised governments in modern times are based on consent. The rise of dictatorship in Germany and Italy is a challenge to democracy and a challenge to the principle of government by consent.

(4) The Organic Theory

The organic theory (or organismic theory as it is sometimes called) conceives of the state as a living organism like plants and animals and has been used to support theories ranging from extreme individualism to socialism.

In this theory the individuals in the state are compared to the basic cells of the organic body and like the organs of plants and animals the organs of state perform specialised functions and are subject to the laws of development and decay.

The theory is useful in so far as it emphasises the interdependence of the individuals composing the state but the analogy between individuals in the state and cells of the organism is superficial in the extreme. Cells do not have a separate physical life like individuals nor have they the independent wills, activities and interests such as individuals can only have. The state grows consciously as the result of the efforts or volition of the individuals composing it—it is not so in the case of organic bodies.

(5) The Historical or Evolutionary Theory

This is the most *commonly accepted theory regarding the origin of the state.* The central idea of this theory is that the state is a historical growth. The elements which helped its development are mainly three : (*i*) *Kinship*, (*ii*) *Religion*, and (*iii*) *Political conscious-*

ness. Economic causes have played an important part in building and destroying states and empires.

(*i*) It was *kinship* or *community of blood, supposed* or *real,* which served as the bond of union among men in ancient society. Authority first appeared in the tribal or family organisation.

(*ii*) *Religion* also played a very important part. Religion has been separated from politics only in comparatively recent times. But in the early stages of human society and for a long time afterwards it governed the secular life of men.

(*iii*) The most important factor, however, in the development of the state has been *political consciousness,* which means the consciousness of certain common ends, *e.g., internal order and external security,* which can be achieved through political organisation. The national states were evolved through common suffering and glory but Governments were the governments of kings and nobles. Political institutions grew up only gradually. In their rudimentary forms, they could scarcely be recognised as political. Political consciousness of the people and their participation in government came later. The democratic states of to-day are of recent origin. In course of time political consciousness became strong, and the other elements played a less and less important part till at last the state became purely a secular, popular and territorial institution.

Summary

The modern state has evolved slowly and gradually.

Almost imperceptibly the *family* broadened into the *clan,* the clan into the *tribe* and the tribe into the *state.*

The forces in state-building have been, according to Gettell, (a) *Kinship,* (b) *Religion,* and (c) *Need for Order and Protection.*

There are different theories about the origin of the state : (1) the Social Contract Theory, (2) the theory of Divine Origin, (3) the theory of Force, (4) the Organic Theory and (5) the Historical or Evolutionary Theory.

Of these the last one is generally held to be sound and correct.

CHAPTER IV

THE STATE

We have discussed already the origin and nature of human society in general as we have also traced the origin and development of the state. In this chapter we shall examine the nature of the state and we shall next proceed to discover the elements which compose the state. In order to do this it is necessary to bring out the distinction between the state and all other societies.

The State and Society *

Precisely speaking, a society is a group of persons, bound together by a devotion to a common object. We are all familiar with various kinds of such societies, *e.g.*, literary societies, athletic clubs, churches, trade unions. Most of them have got *particular or limited objects.*

The State also an Association—points of distinction

The state is also a society in so far as it is an association of human beings who are bound together by a common object. *But the state is different from all other societies in this, that the object which the state pursues is general and all-embracing*

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* According to Laski, a society is a group of persons living together and working together for the satisfaction of their mutual wants. The chief wants are economic—men must first have food, clothing, shelter—they must first live before they begin to live well. There are various other wants—religious, cultural, domestic—to be satisfied as well. And that is possible only in a society. This association of men for their common good should have embraced the entire mankind. But for various historical and geographical reasons, these groups of human beings have lived separate from each other and have ultimately formed national states such as England, France, Germany, Russia, Japan, U. S. A. Each of these national societies is composed of both individuals and associations of men or societies to promote all kinds of objects, religious, economic, cultural and political, in which they are interested. All these interests leading to association finally culminate in the formation of the state. *The State in Theory and Practice.*—Laski.

and not particular or limited. Though internal peace and external security are looked upon as the things which it is the first duty of the state to secure, the object which the state really should pursue is not a limited one, since that object is the general welfare of the community.

In another respect, too, the state differs from all other societies which are voluntary associations. *Membership of all other associations is a matter of choice—being voluntary and optional—but membership of the state is compulsory,* it is not a matter of choice. Further, the decisions of a voluntary association like the church or the cricket club depend for their validity on the willingness of its members to abide by them. The members cannot be physically coerced to obey. The state, on the other hand, can make its members obey its commands or laws by force or coercion. *In this power of coercion or compulsion lies the essence of the state.*

While other associations can enlist members from any part of the world, the jurisdiction of the state is limited to its own territory.

A further point of distinction is that a person can be a member of many associations at one and the same time (*e.g.*, simultaneous membership of club, church, trade union, social service league), but no person can be a member of more than one state at a time. *The state demands, which other associations do not require, exclusive allegiance to it, and knows no limits to its power and authority.**

To sum up,

the state is a fellowship of men having for its aim the enrichment of our life in all possible ways. The general purpose of the state is the promotion of the common good. This very wide and comprehensive aim gives it a special importance.

* Legally it might be true that there are no limits to the power of the state except what it imposes upon itself. But, in fact, international law and world opinion and, within the state, a possible revolt of public opinion do act as limits to the powers of the state.

*The state is the crowning point of our social edifice. All other associations are subordinate to the state. Its special nature is to be found in this supremacy which it enjoys over others.**

The nature and purpose of the State

The state not only makes social life possible but also supplements it and enriches it.†

The essence of the state lies in its power of coercion. Membership of the state is compulsory and allegiance to the state is exclusive.

The State defined

When a supreme authority is set up to look after the general interests of the community, the community is said to be politically organised and the state comes into existence. We have seen already that this process of political organisation has been slow and gradual in history. Once established, the state is found to possess certain elements or characteristics. All these elements are set forth in the following definition of the State by Garner:

"*The State*, as a concept of political science and constitutional law, *is a community of persons more or less numerous, permanently occupying a definite portion of territory, independent, or nearly so, of external control and possessing an organised government to which the great body of inhabitants render habitual obedience.*"

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* The state exists to promote the good life. (*Aristotle*). The state is the Divine Idea as it exists on earth, said Hegel.

†"The State, as Aristotle said long ago, is a sovereign association, embracing and superseding, for the purposes of human life in society, all other associations. The justification of the State's claim to peculiar authority is that experience shows it is mankind's only safeguard against anarchy and that anarchy involves the eclipse of freedom. Freedom and the good life cannot exist without government." Zimmern—*Nationality and Government*.

Ever since Plato denied that justice was the rule of the stronger, the justification of the state has been found in its high aim and purpose and not in its force.—*Laski*.

Essential Elements of the State

The essential elements of the state which are brought out by the above and numerous other definitions *are* (1) *population,* (2) *territory,* (3) *government* and (4) *sovereignty.*

(1) *Population is the first essential element of the state. There can be no state unless there be a number of persons to constitute it.* The state emerges when a section of mankind is politically organised. There are no limits to its size.* Albania had a population of about 8 lakhs whereas China has more than 45 crores. The population may be divided into *citizens, aliens* and *subjects.* The state will be what the people will make it by their ability, character and devotion.

(2) *There can be no state unless the people who constitute it occupy a definite territory.* A nomadic tribe which wanders from one place to another cannot form a state because there cannot be a migratory state. The wandering tribe may have its chief and its organisation and may be subject to control and discipline yet it does not constitute a state. The tribe is under such conditions only a state in the making but the state is not made until the tribe ceases to move from place to place and settles down permanently on a definite portion of territory.

States may be of various sizes. One may have an area of a few square miles, *e.g.,* Monaco, and another may comprise millions of square miles, *e.g.,* Russia with an area of more than 8 million square miles.

The state must not be judged by mere size, *e.g., Japan* and *China. Size* and *location* are important and determine the political, economic and military strength of the state. Size is no bar to democratic government.

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* Aristotle was of opinion that there should be a limit to the population of a state. The number should be, according to him, neither too small nor too large. It should be large enough to be self-sufficient and small enough to be well-managed and well-governed. It is impossible to fix a limit to the population of a state though, in certain cases, it may be desirable to have a limit

(3) *Next comes government* which is also an essential mark of the state.*

'A number of people permanently established on a given territory does not necessarily constitute a state.' It is necessary that they should be politically organised since the state is an organisation for the regulation of our common affairs and the promotion of our common interests.

Without this organisation or government the people cannot constitute a state; they would be 'an incoherent, unorganised, anarchic mass with no means of collective action, to promote their general interests.'

Government is the machinery of the state and it is through this machinery that the authority of the state is exercised.

(4) *Lastly, there is the element of sovereignty—the most important mark of the state.* The state came into existence to guide and control the actions of men. The state must, therefore, have *supreme, exclusive, unlimited, ultimate power and control* over all persons and things, groups and associations within its own territories—*this supreme authority of the state is known as sovereignty.* As Bodin said, the state is sovereign because it gives orders to all and receives orders from none.

Sovereignty is internal as well as external. The enjoyment of this *sovereignty is a condition essential to statehood.*

A people settled on a definite territory with a government for itself does not constitute a state. *It must be free or independent of foreign control.* In other words, it must have external sovereignty. Likewise *it must be supreme within*—there must be full internal sovereignty.

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*'The organisation or machinery through which the State formulates and executes its will is termed its Government'—*Willoughby and Rogers.* 'Government is a contrivance of human wisdom to provide for human wants.'—*Burke.*

This supremacy or supreme authority of the state in all affairs, internal as well as external* is known as its sovereign power and the essence of the state lies in its sovereignty†.

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* *The sovereignty of the state* is both internal and external, and *in law, is absolute.*

But, *in practice,* the state acts in the exercise of its internal sovereignty, with the consent of the people and a civilised state seldom takes recourse to force or coercion. *Will, and not force, is the basis of the modern state.* Also it has to act with due regard to public morality.

In external affairs also, it is legally free to do anything it likes as Japan is doing now in China.

But, *in practice, states have to act in accordance with international law and morality* to protect civilisation from anarchy and destruction. The League of Nations established with these objects has failed to protect the weak states from the aggression of the strong.

† *A distinction is often made between legal and political sovereignty.*

Legal Sovereignty

Legal sovereignty means the supreme power in the State, i.e., *the supreme authority in law.* In Britain, according to law, the supreme power or authority is vested in the King in Parliament which is therefore the legal sovereign in Britain.

Political sovereignty, on the other hand, refers to the political power or authority whose will ultimately prevails in the state. *"That body is politically sovereign, the will of which is ultimately obeyed by the citizens of the state."* (Dicey.) *In Britain* though the King in Parliament is the legal sovereign, *the electorate is the political sovereign* because in the end the general body of electors or voters can always enforce their will on the King and on Parliament.

Popular Sovereignty

From political sovereignty there is but one step to *popular sovereignty.* We know that the British electorate is the political sovereign in Great Britain but as in Britain the electorate practically consists of the entire British people, the political sovereignty or ultimate political power is vested in the people. Thus in the last analysis the people are sovereign. The doctrine of popular sovereignty, that sovereignty resides in the people, was proclaimed by its most ardent champion, Rousseau, in the 18th century.

His cry was immediately taken up by the two great peoples, the French and the American, who, in assertion of the popular rights to sovereign power (*popular sovereignty*) established two of the greatest modern republics after two of the most notable revolutions the world has seen. Popular sovereignty is to-day regarded as the very essence of our modern states. *'It is the basis and watchword of Democracy.'* (Bryce.)

The idea of the state thus embodies the four elements (a) *population,* (b) *territory,* (c) *organisation or government* and (d) *sovereignty*—all four of which have been put by Woodrow Wilson in his terse definition of the state.

'A state is a people organised for law within a definite territory.'

Is India a State?

We have seen that there are four indispensable elements of the state—population, territory, government and sovereignty. In a state we must have all four.

But does India possess all the four component elements? In India we have a vast population with an equally vast territory, also we have a government but we have no independence, no sovereignty, internal or external.

Britain controls not only India's foreign affairs, but a large part of her internal affairs also. Foreign control of Indian affairs impairs her sovereignty and so long as India is not sovereign, India is not a state.

Are the dominions states?

But are the British Dominions states? Have Canada, Australia, the Irish Free State, South Africa and New Zealand attained statehood? The question is a difficult and controversial one. Beyond doubt, the Dominions to-day are free from Britain's control in their internal affairs and also, as they claim, in their external affairs. If the Dominions were also sovereign, they would, no doubt, be states.*

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* The Irish Free State, in particular, is seeking energetically to affirm its sovereign status by a series of recent measures including the abolition of the oath of allegiance to the British Crown and the removal of the last vestiges of British control by insisting on Irish neutrality in the present war. The sovereignty of the Dominions is hardly challenged by any serious student of constitutional law and history and the day may not be far off when that sovereignty will be formally recognised and the Dominions put on the world's map as Sovereign States. The general insecurity of the present times and the clash between Democracy and Fascism are likely to eclipse this issue before the Dominion peoples for the moment.

The legal and international recognition of their statehood would come only when they would publicly and more categorically assume and declare their sovereign power as was done by the United States of America after the War of Independence. Until they do so, they are but states in effect though not in law, and their present relations with Britain and amongst themselves are those of equal partners in the British Commonwealth of Nations as defined in the Statute of Westminster.*

State and Government

In common parlance the two terms "State" and "Government" are often used synonymously. But when we examine the nature of the state we find that the state and government are not identical. A student of political science should distinguish between the two very carefully. *The state is a politically organised community whereas the government is the manifestation of that organisation. The state is the whole of which government forms only a part.* Government is the agent or the machinery through which the state formulates and executes its will.

As Garner puts it,

"the government is the collective name for the agency, magistracy, or organisation, through which the will of the

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*** Dominion Status**

Dominion Status is the status enjoyed by the great self-governing Dominions of Canada, Australia, South Africa, New Zealand and the Irish Free State. In relation to Great Britain *"they are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations."*

They are, thus, the equals of Great Britain and not her inferiors. Their association with Great Britain is free and voluntary.

The Dominions govern themselves (enact and enforce laws, administer justice, maintain armies and navies, conduct foreign relations) virtually free from the control of Great Britain. The King is the only bond. This bond is entirely personal. The King when he acts in relation to any of the Dominions, acts on the advice of the ministers of the Dominion concerned and not on the advice of his British ministers.

State is formulated, expressed and realised. The government is an essential mark of the State but it is no more the State itself than the brain of an animal is the animal itself or a board of directors of a corporation is itself the corporation."

Points of distinction between state and government—

(1) *The state comprises the whole body of the people, whereas the government can include only a section of it.*

The word 'government' here merely indicates the necessarily small body of men who happen to be in control of the machinery of the state and who run the administration. The state, on the other hand, embraces within its fold the entire people, not merely the few who govern but also the rest who are governed.*

(2) *Governments are short-lived (they may change or they may die), but the state is permanent.*†

The state continues even though there may be great changes in the structure and form of the government.

For instance, a monarchy may be replaced by a republic (as in France after the Revolution), one royal dynasty may be overthrown and another set up (as in the case of Afghanistan, ex-King Amanullah gave place to the late King Nadir Khan), without the continuity of the state being broken.

(3) *The individual can have rights against the government but, in law, he has no rights against the state.*

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* In order that the sovereign power of the state may not be abused by the government, which is composed of men who may make mistakes or who may be dishonest or ignorant or incompetent, experience has suggested safeguards by limiting the powers of government by a written constitution, a bill of rights, separation of powers and so forth. *The state has unlimited power but the power of the government is thus limited.*

† The value of the distinction between state and government in modern times is that when the government proves itself unworthy or incompetent it can be changed and a new government formed to serve the aims of the state better.

The state is the fountain or the source of all our rights. It gives certain rights to the individuals as it gives rights to the government. If the government encroaches on the rights of the individual (e.g., if it encroaches on his property or imprisons him wrongfully), the individual has remedies prescribed by law. He can even have his rights enforced against the government.

But the individual has no legal rights against the state. For the individual to go against the state would be going against himself.

The right to resist the state is only a moral right.

(4) *The state is largely an abstraction,* the government is concrete.*

When the state of Great Britain went to War with Germany in September, 1939, it was really a decision of the two governments, British and German, to fight it out—the decision of the governments headed by Hitler and Chamberlain. The state itself, in sober realism, never acts. It is the government which acts.

People, Nation and State

It is necessary now to distinguish the *state* from the *people* and from the *nation*. The *state* is a political concept. It *refers primarily to the political unity* or organisation of a group of

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* A State, *concretely viewed*, is a group of individuals regarded as a politically organised unit. In the concrete sense we speak of the English people or the people of the United States of America as constituting a State.

A State, absolutely considered, is an idea, a concept of the jurist or the political philosopher.

The State is regarded by the jurist as a *person* possessing a supreme will, a fictitious person not a true living person, in order to clothe it with its rights, to emphasise its equality with other states and to bring out clearly the legal ideas of a political superior and a political inferior, of a governing authority and a governed body of individuals within the state. The concept of the state is mostly in the realm of ideas existing only in the mind of the constitutional lawyer and is thus largely an abstraction.

persons. *But the unity* which is implied *in* such concepts as *people and nation is deeper.*

Let us overlook for the present *the distinction between people and nation** which, according to modern English usage, *lies in this*: that while the former is wholly a racial or ethnic concept, the latter implies ethnic unity *plus* political organisation.

But when we are to *distinguish the nation from the state*† we shall not consider the former's political aspect but shall lay emphasis on those other and deeper elements which bind together a group of persons into a nation.

‡ Nation

An ideal nation has been defined as "a portion of society definitely separated from the rest of the world by natural geographical boundaries, the inhabitants of which have a common racial origin, speak the same language, have a common civilisation, common customs and traits of character and a common literature and tradition." Community of religion, formerly regarded as an important element, is no longer emphasised in these days of religious freedom and toleration.

Nation—its tests.

As a matter of fact, however, *there is hardly a nation which possesses all the characteristics mentioned above.* Political thinkers differ among themselves as to the relative importance of the different factors that go to constitute a nation. One political thinker holds community of race to be one of the

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* In political terminology, the terms 'people' and 'nation' have no fixed usage.

† '*Scotland is a nation and not a state. The United States is a state and not a nation.* So is the British Commonwealth.'

"It may not be easy to define exactly what a state is. It is certainly not easy to define what exactly a nation is. But at least it ought to be easy to perceive that there is a difference between the two." Zimmern—*Nationality and Government.*

‡ *A nation is a nationality which has organised itself into a political body either independent or desiring to be independent.*—Bryce.

"most satisfactory tests for determining the existence of a nation." To another, community of civilisation is the test of a nation, but he regards civilisation not so much as "a result of common ethnic origin as an outgrowth of a common historic past." The instances of Russia, Switzerland, Canada and a number of other nations show that a community of race and even an identity of language may be absent. Thus it is evident that all the factors mentioned above need not be present at the same time since no one is indispensable in order to constitute a nation. *Only some may suffice* and *instances are not rare in history of a nation's coming into existence not through any community of race or religion but through a community of economic and political interests.*

A people becomes a nation when *it feels* that it is a nation. *'Nations'*, says Spengler, *'are neither linguistic, nor political nor biological but spiritual unities'*. This national feeling is promoted by the factors mentioned above and derives strength from a common national pride in one's country and in its past glories. 'What constitutes a nation is not speaking the same tongue or belonging to the same ethnic group, but having accomplished great things in common in the past and the wish to accomplish them in the future.' (Renan). This unifying bond grows stronger as years roll by drawing the different sections of the nation closer to one another through other common interests. Common traditions and common traits of character are thus developed.

Is India a nation?

Is India a nation? A class of western critics would not recognise India as a nation because of her diversities of race, language, religion and customs. They overlook the fact that underlying all this diversity there is a fundamental unity which gives the key to Indian civilisation and culture.

India is a nation because Indians *feel* themselves to be a nation. They are bound by ties of common sympathy, imbued with collective self-consciousness and inspired by the common ideal of political self-determination. This feeling of nationhood is based on a common culture

and civilisation, the common political tradition of an Indian Empire extending from the time of the Mahabharata down to the present day, the common languages of Sanskrit and Persian in the past and English. and Hindi at present and common laws and institutions established by the Hindu, Muslim and British Empires in succession. No doubt the factors of nationality are not so strong in India as they are in certain European nations. That is why we find that the national feeling in India is still not fully developed.

It has already been observed that *all* the different elements of a nation need not be present to constitute it. Only some may suffice. Mechanical tests are out of place here.

The religious differences, so often emphasised, cannot stand long in the way of the welding of the people of India into one great nation. *This process of welding is, in the case of India, coming mainly through a community of political and economic interests as also of certain moral ideals.* The spiritual principle of nationality is already there uniting the Indian people closer. Her place in the League of Nations of the World also signifies the recognition by world opinion of India's developing nationhood.

Nationality

Nationality is defined by Mr. Zimmern as *a form of "corporate sentiment of peculiar intensity, intimacy and dignity related to a definite home country."*

Nationality has also been described as a spiritual principle or sentiment which binds a people together and which arises out of all or some of the following circumstances, namely common ethnic origin, common residence, identity of language, common traditions, common political aspirations, common or similar religious faith and community of moral ideals and material interests.

* Nation and Nationality

Formerly the two words *'nation'* and *'nationality'* were used synonymously, and they are still used by many eminent

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* For some political thinkers who regard nation purely as an ethnic concept the distinction between 'nation' and 'nationality' is not an easy one to make. *For them the distinction becomes rather a quantitative than a qualitative one.* As Garner says, "In general, we may say that *a nation* is a population of the same race and language, inhabiting the

writers in the same sense. The present tendency, however, is to make a distinction between them.

A 'nation' nowadays connotes, besides other things, a political unity—it means a body of people distinct from all others, having its own political entity ; nationality, on the other hand, refers to a group of men who are 'united by identity of origin, race, language, or by community of traditions, history or interests' quite apart from the bond of political union.

Further, while *a nation denotes a tangible portion of mankind, nationality stands, primarily, for an abstract spiritual principle, the essence of nationhood.*

Thus it will be seen that when a portion of mankind is (a) imbued with the spirit of nationality and (b) is also organised or capable of being organised in a state, we have a nation.

The principle of nationality—one nation, one state

The foundation of the modern state is the principle of nationality*—*'one nation, one state'*. Each nation should form a separate state ; each state should comprise a single nation.

The case for the reorganisation of states on the basis of nationality is strengthened by the universal desire to redress the economic and political injustice done to weaker nationalities by the exploiting or the dominant power.

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same territory, and *constituting the larger part of its population;* while *a nationality* is usually one of several distinct ethnic groups scattered over the state and constituting but a *comparatively small part of its whole population.*"

Understood in this sense the Mahrattas may be described as a nationality. So also the Bengalis may be called a nationality but the Indians are a nation. Several nationalities taken together, *e.g.*, the English, the Scotch and the Welsh, may form a nation, *e.g.*, the British nation. The Jew has his own nationality but there is no Jewish nation. Scattered all over the world, there are British Jews, German Jews, Russian Jews, American Jews, Indian Jews, etc. They form part of other nations because they lack the bond of political union.

* The distinction between nationality and nationalism may be noted in this connexion. Nationality, as has been observed already, refers to a spiritual principle or sentiment. It is this spiritual principle seeking expression in an active endeavour for the achievement of freedom that is called Nationalism.

The principle lends support to the revolt of nations held in subjection. It stands for the *self-determination of nations** for which President Wilson pleaded so eloquently. Without it we cannot have true democracy nor peace and goodwill among the nations of the world.

The modern nation-state—the mono-national state

To-day almost every nation is organised in a state of its own e.g., the Germans (*ein Volk, ein Reich, ein Führer*) and if it is not so organised it aspires to have its own state, e.g., the Indians.

The achievement of the ideal of national states is not possible nor desirable in all cases.

Sometimes natural barriers intervene and stand in the way of political union of a people like the Jews living in different parts of the world. To give effect to this principle a large number of small national states would have to be created. The presence of too large a number of national states will add to the complications of the problem of international relations.

How far nationality is a satisfactory basis of modern state?

Zimmern objects to the political recognition of nationality on the ground that it would base the state not, 'on any universal principle such as justice or democracy, or popular consent or on anything moral or universally human at all but on something partial, arbitrary and accidental'. It is significant that there is now a world-wide and uneasy sense of discontent with the exclusively and aggressively national basis of the system of modern states. The League of Nations and the Communist International are different expressions of this feeling. Composite states, *e.g., the U. S. A., and the Soviet Union*, have been so successful that men now speculate on the possibilities of a world federation.

Summary

A society is an association of persons with common ends or objects.

The state is also a society but a society with unlimited ends and is superior to all others. The others have particular or limited objects in view.

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* *Self-determination of nations denotes the right of every nation to choose freely such form of government as it thinks will best correspond with its needs.*—President Wilson.

"A state is a people organised for law within a definite territory." The four essential marks or elements of the state are (1) population; (2) territory; (3) organisation (government); (4) sovereignty.

The general purpose of the state is to promote the common good not merely by its guarantee of peace and order but by the enrichment of our life in all possible ways.

The state must be distinguished from government. The state is the whole of which the government is a part.

Nation is a tangible portion of mankind whereas nationality is an abstract spiritual principle.

When a people is imbued with the spiritual principle of nationality and is also organised or is capable of being organised into a state, we call it a nation.

Modern states are mostly nation-states. The principle '*one nation, one state*' is difficult to apply in practice.

CHAPTER V

LIBERTY AND AUTHORITY

What is Liberty

The word Liberty is from Latin *liber* which means free. Liberty means the state of freedom, especially opposed to restraint, subjection or slavery.

Generally, *liberty is understood to mean absence of restraint.* A person is free to act in any matter in which he possesses liberty. Thus if you have got liberty of movement it means that you can freely move about and nobody can put any restraint on your movement.

But if we look a little more closely into the matter, it will become obvious that *though liberty means freedom from restraint generally, such freedom cannot be absolute.* In fact, *absolute freedom* or want of any restraint *will negative the very benefits of liberty.* For instance, if your liberty of movement were absolute, your neighbour's liberty of free enjoyment of his house would be in danger because, in that case, you could, at any hour of the day or night, enter your neighbour's house and disturb his peace. So true liberty must be distinguished from licence, a condition which knows no restraints. Thus we see that there are two kinds of freedom (1) the false—when a man is free to do what he likes, (2) the true one—when a man is free to do what he ought to do. The latter kind of freedom is real liberty, while the former is a mere licence.

Regulation is necessary to social life for we cannot live together without common rules for the common good. You shall not feel that your liberty is endangered when you are not permitted to commit murder. Nor are you deprived of your freedom, if the law, having regard to the common good, compels you to educate your children.

Liberty is thus not merely absence of restraint but it is a more positive thing. *Laski points out that liberty means the eager maintenance of that atmosphere in which men have the opportunity to be their best selves.* Liberty, therefore, constitutes those rights and opportunities which men must have to attain their highest good in the state.

Kinds of Liberty

(1) Natural Liberty

Natural liberty is that which a man might enjoy in an imaginary state of nature when civil society did not exist. It may seem that such liberty was unlimited because there was no state to restrict it. But in reality the liberty in the state of nature was no liberty at all because it left men free to do as they liked. Such conditions of life would appeal only to the physically strong. The weak had no liberty and if they did enjoy any, it was on the sufferance of the strong. The best description of such a state is anarchy and in an anarchy there is no true freedom.

(2) Civil Liberty

The word civil is from Latin *civis* meaning a member of the state.

Civil liberty is the liberty which a man enjoys in a state or in civil society and, in the main, consists of *freedom of conscience and belief, freedom of opinion, freedom of action and movement* and *equality in the eye of the law.* Rousseau has said, what a man loses by the establishment of political society is the unlimited right to any thing which in the state of nature he can obtain: what he gains is civil liberty and the ownership of all that he possesses. The state creates civil liberty which is conditioned by law,* and substitutes a rule of law

* **What is law?**

A law is a rule of conduct which has the sanction of the state and which will, if necessary, be enforced by its might. It is a command from the political superior to the political inferior.

for a reign of force. *Civil liberty comprises all those rights embodied in law which protect the individual against private and governmental interference, e.g., liberty of movement, freedom of expression.*

Law and Liberty

The state is the source of our liberty and its laws are the only guarantees and defenders of our individual freedom.

If there were no laws and no state the liberty of a powerful individual or of a class would have meant the slavery of the rest. Even today in primitive or 'law'less societies the chief is free to do whatever he likes with the life and property of his subjects. The one is free, others are slaves. Before the factory laws, the employers were 'free' and even now in some countries the employers are 'free' to make women and children work 16 hours a day for paltry wages. This freedom of the employers means the slavery of the workers.

Experience has taught mankind that in order that every individual, and not the favoured or powerful few, may have liberty, liberty must be defined in the form of laws and guaranteed by the state. Law, properly conceived, has in view the general welfare of the community and *is an essential condition of liberty.*

Laws are made by men and may, therefore, be imperfect. Some laws there may be that benefit particular classes at the expense of others and may therefore be opposed to the common good. Such class-legislation is a restriction of true liberty.

Social welfare depends on real liberty which is secured by laws wisely and generously directed to the welfare of the masses.

'The true test or measure of liberty lies in the extent to which the law of the land helps the citizen to develop all that is good in him.'

The sources of law

The sources of law are

(a) *legislation,* the most important source,
(b) *legal decisions and precedents,*
(c) *customs and usages* which have the force of law,
(d) *religion,* e.g., Hindu Law derived from the Shastras and Muhammadan Law derived from the Koran.
(e) *equity,* and
(f) *scientific discussion.*

Law and morality

The state has a moral end—the perfection of its citizens. As a positive moral agent the state makes good laws and to secure that end, the state should repeal bad laws. Without the state no moral life is possible. The state has therefore to lay down laws to regulate the life of the community. There is, therefore, a very close connection between law and morality. "The best state is that which is nearest in virtue to the individual"—said Plato.

But law and morality differ (a) *in their sanction;* law is made by the state and enforced by the state but morality cannot be enforced. The state can punish a breach of contract but it cannot punish falsehood as

Liberty and Authority

Is there any conflict between the liberty of the individual and the authority of the state? Seeing that the authority of the state implies imposition of restraint and that the liberty of the individual implies absence of restraint, a superficial observer would conclude that there was a real conflict.

On a closer examination, however, we shall see that *liberty and authority exist side by side* and are perfectly compatible. *They are correlative and not contradictory.*

The establishment of the state or of an authority to regulate the conduct of men does not destroy individual liberty which was insecure and uncertain before. On the contrary, it is the state which creates true liberty by making it certain and secure for all. *By putting down anarchy the state secures true liberty for all at the expense of a sort of natural freedom for some.* The limits or prohibitions* imposed by the state or *laws* are not designed to restrict arbitrarily the freedom of individuals.† Their purpose is to secure for *all* the greatest measure of freedom. *Law, therefore, is an essential condition of liberty.*

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such; (b) *in the type of action;* law deals with outward actions of men, morality dealing with the entire life of men. The state can punish an act of theft but not the spirit of greed or selfishness in man; (c) *in their definiteness;* laws are definite and can be enforced but matters of conscience are not so and must therefore be decided by the conscience. There are acts immoral but not illegal, *e.g., lying,* and acts illegal but not immoral, e.g., *riding a bicycle without light.*

* Every prohibition by the state is not to be justified merely because it is made by an authority legally competent to issue it. Governments may in fact invade liberty even when they profess and claim to be acting in the common interest. It is essential to freedom that the prohibitions issued should be based on consent.

Nothing is so necessary to the maintenance of liberty as the knowledge that the invasion of liberty will result in protest and, if need be, resistance. In fact, the implied threat of revolt is a safeguard against the abuse of authority by Government.—*Laski.*

† 'It is possible to conceive of a state, so badly organised and its authority so oppressively exercised, that a condition of complete anarchy would be preferable to it; but, *in general,* it may be said that almost any form of political control is better than no control whatever.' Willoughby and Rogers—*The Problem of Government.*

It is only by acting according to law that an individual can enjoy his own liberty without being interfered with and without encroaching upon the liberty of another. *Law is, thus, also the real guardian of liberty.*

Those who argue that individual liberty is incompatible with the authority of the state argue from a wrong assumption of a conflict between the state and the individual. They should not forget that liberty is not meant to confer on the individual the power to do as he likes. That would usher in a regime of anarchy and not of liberty. The state legislates in order that a citizen may have no hindrance to act as he should for his own good and for the sake of his community. *The more perfect the state becomes, the more perfectly is the liberty of the individual wedded to the authority of the state.* In the ideal state, the laws are perfect and the liberty-loving citizens have no grievances. In such a state all conflict is eliminated and the individual is able to identify his own ideals with those of the state.

We are thus led to the conclusion that the authority of the state, far from implying a negation of liberty, leads to a true realisation of liberty. There can, therefore, be no conflict between the liberty of the individual and the source of that liberty, namely, the authority of a well-ordered state. Indeed the spirit of liberty is at the root of all progress, both of individuals and of the state.

(3) Political Liberty

Political liberty gives the mass of the people not merely a sphere of freedom but also a share in authority.

Political liberty is said to exist where the people or a majority of them have a right to take part in the government of the country. *In other words, political liberty exists among self-governing peoples or in democratic states. It comprises the right to vote and to hold public offices.* A people may enjoy a good deal of civil liberty without enjoying any political liberty.

In India, we have very little of political liberty, but we enjoy some of the rights included in civil liberty.

As Laski says, *political liberty means the power to be active in affairs of state.*

For political liberty to be real, *two conditions are essential, e.g.*, (1) *mass education* and (2) *honest and free press* (Laski).

(4) Economic Liberty

Another sphere in which liberty is demanded and its importance increasingly recognised is the economic sphere. In fact without economic liberty there can be no political nor true civil liberty.

Economic liberty means security of one's daily bread and reasonable opportunities for earning it. The individual must be made free from the constant fear of unemployment and insufficiency and must be safeguarded against the wants of the morrow.

Freedom cannot be real when every moment for anything I do which may be displeasing to my employer I may be threatened with the loss of my livelihood. My liberty is not real in the absence of my economic freedom. Can there be liberty where the rights of some depend on the pleasure of others?

Modern states, therefore, are trying to secure economic liberty or economic freedom for the individual.

Economic liberty consists in the individual's rights to work and to a minimum wage, the right to leisure by the regulation of hours of work in fields and factories, the right to form unions and the right to provision against old age, sickness, unemployment, accidents and also maternity benefits.

The Congress Declaration of Fundamental Rights for Indians contains provisions for securing economic freedom for the Indian masses.

(5) National Liberty

The term liberty is applied to nations as well as to individuals. A nation or people is said to be free when it has a government of its own choice and when it is not subject to any foreign control.

National liberty exists where the state is a national state, that is, where the community is independent and sovereign. The individual can have little liberty, civil, political or economic, unless there is national liberty.

Protection of Liberty

We have seen that *liberty is not opposed to the authority of the state.* On the contrary, liberty is, in a sense, created by the state and maintained by its authority. *But the authority of the state is exercised through human agency and so it is liable to abuse.*

It is therefore necessary that *men* should know what their rights are and *should always be vigilant so that there may not be any infringement of their rights even by the government.** In those states where there is a written constitution as in the United States of America or in the German Republic, the constitution contains what is called a declaration of rights. In countries where there is no written constitution, as in England, the fundamental rights are recognised in different parliamentary enactments as well as in the opinions and judgments of great judges which have the sanctity of law.

It should, however, be remembered that liberty is best protected not by putting down the rights in a constitution but by the vigilance of a people, jealous of their rights, unwilling to submit to any illegal interference and ready even to die for the vindication of those rights.

The price of liberty is eternal vigilance and the secret of liberty is courage.

As H. W. Nevinson puts it :—"For freedom . . . . is a thing that we have to conquer afresh for ourselves, everyday like love. . . . The battle of freedom is never done and the field never quiet".

Summary

Liberty means freedom from restraint generally. But this freedom cannot be absolute. Liberty may be (a) *natural,* (b) *civil,* (c) *political,*

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* The great question is to discover, not what governments prescribe but what they ought to prescribe; for no prescription is valid against the conscience of mankind.—Lord Acton, *History of Freedom.*

(d) *economic* and (e) *national*. In civil society, liberty is conditioned by law and is known as civil liberty.

Men have different tastes and inclinations. If each one was allowed to follow his own whim even if he injured others, there would be chaos and disorder. Hence the need of laws or of some controlling authority which would prevent one from interfering with the liberty of others. Law *or* Authority, in the democratic state, does not restrict liberty but seeks to enlarge it. In a democratic state there should be little or no conflict between liberty and authority.

Liberty is best protected by the vigilance of the people. *The price of liberty is eternal vigilance and the secret of liberty is courage.*

CHAPTER VI

LIBERTY AND EQUALITY

In the previous chapter we have seen that the state lays down laws or rules of conduct defining and guaranteeing liberty for all. As liberty stands for a good life for all, it implies equality.

Liberty and Equality

Of the three famous slogans of democracy, *Liberty, Equality* and *Fraternity* we have already analysed the nature of liberty. Let us now examine the relation between liberty and equality.

The principle of liberty is that each individual shall have the fullest possible opportunity for his own development. Place all persons on a footing of equality and leave them free to make the best use of their abilities and opportunities. After a time you would find them different—some are great, most are not, the opportunities were equal but the abilities were not. These differences are natural because no two men are quite alike. We differ not only in our abilities but also in our tastes and temperaments. In this particular case in spite of liberty and original equality we have inequality. *It is therefore often contended that liberty and equality are incompatible. But that really is not the case.* Equality does not necessarily mean that all of us should be of the same pattern in every respect. *True equality consists in reciprocity* or, as Aristotle said, *in friendship.* The principle of fraternity thus harmonises with the principles of liberty and equality.

Frequently we start with the wrong idea that the inequality we see and endure in our society *is natural—in truth* most*

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* Equality implies fundamentally a certain levelling process. Equality, therefore, means, *first of all,* the absence of special privilege. Equality means, *in the second place,* that adequate opportunities are given to all.—*Laski.*

of it is unnatural and artificial. Most of the rich you see are rich and some of the poor you find are poor not because of their differences in abilities—the differences are due largely to differences in their opportunities.

The rich man's son not only inherits property but also opportunity—success in life is easy for him since the doors are all open to him. The poor man's son, on the other hand, has not only to fight poverty but also social prejudice against him—the doors are barred against him. Success in life has to be won by him with difficulty.

Equality thus does not mean that all should be moulded after the same pattern. Equality means equal treatment by the state in the matter of civil and political rights but, above all, it means equal opportunities for every one in society. Thus considered, liberty and equality are complementary—in the absence of the one we cannot have the other.*

Forms of Equality

Viscount Bryce in his *Modern Democracies* mentions four kinds of equality. These are (1) civil equality, (2) political equality, (3) social equality, and (4) natural equality. To these must be added (5) economic equality.

(1) Civil Equality

Civil equality consists in the possession by all citizens of the same civil rights and liberties. Under civil equality each private individual is equally protected against the interference of other private individuals and of the government. In India the removal of untouchability and other civil disabilities will lead to civil equality.

(2) Political Equality

Under political equality, all citizens have the same rights and an equal voice in government and are equally eligible for

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* The constitution of Germany (1919) says, 'All Germans are equal before the law.'—Article 109.

all public offices. Complete political equality requires adult suffrage.

Political equality is never real unless it is accompanied by economic equality.

(3) Social Equality

Social equality means that rank, class, or caste must not be entitled to special privileges. Social equality is very difficult to attain and exists nowhere in the world except probably in Soviet Russia. The division of society into classes, *e.g.*, the nobility, the well-to-do, the middle class and the working class, is a great barrier to social equality. Social equality cannot be established all on a sudden by law ; it must take place largely through changes in public opinion, customs and institutions. In India social equality is hampered not only by class divisions but also by caste distinctions.

(4) Natural Equality

All men are said to be born equal. This equality is natural equality. Natural equality is a crude notion. Though each baby is outwardly equal to every other baby, yet as the infants grow, innate but previously undiscoverable differences are revealed. Natural inequalities ought to be endured by society in its larger interests.

(5) Economic Equality

The aim of economic equality is to make all individuals equal in respect of wealth and income. This is the socialist ideal.

Laski defines economic equality in a limited sense as consisting in equal opportunities for every one to develop his natural faculties and powers. Bryce considers that economic equality should not be an ideal of democracy which is only a form of government and should not disturb the foundations of social and economic order. Nevertheless it should be the aim

of democracy to reduce great inequalities in wealth. There is one state, Russia, which has completely swept away private property and is based entirely on economic equality. The concentration of property in the hands of a few is fatal to the purposes of the state and the socialist is right in his insistence that either the state must dominate property or property will dominate the state. It is yet too early to say how far modern governments are prepared to follow Russia's example, but all modern states are trying to mitigate existing inequalities.

Liberty and equality underlie the ideal and practice of modern citizenship.

Summary

Liberty and equality are complementary, in the absence of the one we cannot have the other.

There are various kinds of equality—(a) *civil equality,* (b) *political equality,* (c) *social equality,* (d) *natural equality,* and (e) *economic equality.*

CHAPTER VII

CITIZENSHIP

Civics has been defined as the study of man as a *citizen.*

Citizenship is, therefore, the most important part of the study of Civics.

Definition

A citizen is a member of a political community.

The Citizen as a Member of the State

A citizen is a member of the state and as such he has a share in the common good which is realised through the state. He also shares the responsibility of maintaining the state and for that purpose he has to render certain services.

Says Vattel, *"Citizens are the members of the civil society, bound to this society by certain duties, subject to its authority, and equal participators in its advantages."*

Citizenship Classified

Though all citizens enjoy all the civil rights, citizenship would not necessarily include the enjoyment of all the political rights. On the other hand, there are instances in modern times of non-citizens enjoying the political privilege of voting, as in some of the American States.

Thus citizens may be divided into two classes, the one enjoying the political as well as the civil rights and the other enjoying the civil rights but not all the political rights. The distinction in some countries has led to the use of two different words to denote the two classes of citizens. In France, for instance, only those who enjoy full political rights, are called *citizens* (citoyen) while all persons who owe allegiance to the state and are under its protection are called nationals

(nationaux). Where all members of the community do not stand on the same political footing, the tendency is to reserve the use of the word 'citizen' for those who enjoy the greater political rights.

Natural citizens and naturalised citizens

Another classification of citizens is to be found in the legal distinction between natural citizens and naturalised citizens.

Citizens by birth are natural citizens while foreigners who are adopted as citizens are naturalised citizens. (See pp. 49-50 on the *The Acquisition of Citizenship*).

Naturalised citizens in some states have a status inferior to that enjoyed by natural-born citizens. For instance, all the political rights which are enjoyed by natural-born citizens may not be enjoyed by the naturalised citizens. Also, in some states, naturalised citizens are like the natural-born citizens eligible for all public offices.

Ordinarily, the term 'citizens' would apply to all who are not aliens. So the usual way of explaining the status of citizens has been to distinguish it from that of the aliens.

Aliens

Aliens are persons who are mere residents within the state but who owe allegiance to some other state. An alien is not a member of the state in the truest sense of the term and, as such, is not allowed to share in the highest political rights, although civil rights are not denied to him. As a resident, he is subject to the laws of the land. He is, therefore, bound to pay rates and taxes and excepting in the case of certain privileged persons (*e.g.*, the members of foreign embassies), all aliens are subject to the jurisdiction of the civil and criminal courts of the country in which they reside. The disabilities, which were formerly attached to the status of an alien, are being gradually removed.

There were various limitations to the proprietary rights of aliens in England before 1870. But the British Naturalisation Act of that year

laid down "that real and personal property of every description may be taken, acquired and disposed of by an alien in the same manner in all respects as by a natural-born British subject." An exception, however, is still made in respect of British ships which cannot be owned by an alien. The tendency everywhere is to equalise the status of the alien with that of the citizen so far as civil rights are concerned. Differences are, however, still maintained as regards political rights.

Citizens and Aliens

The distinction between the status of a citizen and that of an alien may be briefly stated as follows :—

(1) A citizen is a member of the body politic in a real sense while an alien is a mere resident.

(2) A citizen owes allegiance to the state while an alien, though subject to the civil and criminal jurisdiction of the state in whose territory he resides and liable to pay rates and taxes, owes his allegiance to another state.

(3) As regards civil rights, an alien and a citizen are, in most of the modern states, on the same level though an alien is sometimes precluded from the enjoyment of certain proprietary rights.

(4) While a citizen enjoys all the political rights, an alien may enjoy only some of them, if any at all.

THE ACQUISITION OF CITIZENSHIP

Citizenship is acquired by (1) *birth*, or (2) *naturalisation*.

Birth

There are different rules in different countries which regulate the acquisition of citizenship by birth. Broadly speaking, there are two principles which are followed.

One is : that children acquire the citizenship of their parents (*jus sanguinis*), and the other is : that they should owe allegiance to the state within whose territory they are born (*jure soli*). In some states the former principle is accepted and in some, the latter.

In others, something like a mixed principle is adopted. For instance, in Great Britain and in the United States of America, both the principles act together. Persons, born in British territory, though of alien parents, will be British citizens, (*jure soli*), and again, persons, born of British parents but outside British territories, will acquire British citizenship by birth (*jus sanguinis*). A British ship is

considered to be a part of the British Isles, so a person born on board a British ship in whatever part of the globe will be a natural-born British subject. In the absence of any uniform principle being followed everywhere, instances of double citizenship are not rare.

Naturalisation

"Naturalisation signifies the act of formally adopting a foreigner into the political body of the nation and of clothing him with the privileges of a native." A man is naturalised on his fulfilment of certain conditions. These conditions vary from one state to another. For instance, in the United States of America, only white persons and persons of African descent can be naturalised. There is also a bar against alien enemies, polygamists and disbelievers in organised government. There is a condition of residence in almost all the countries though the period of residence may vary.

According to British laws, an alien, before he can be naturalised, must reside in British territory for a period of five years or must be in the service of the Crown for that period. Good moral character and knowledge of the English language are also pre-requisite conditions.

Except for a few privileges which are enjoyed only by natural-born subjects, there is no distinction between a natural-born and naturalised subject as regards rights and privileges. In the United States of America the offices of the President and the Vice-President can be held only by natural-born citizens.

Naturalisation which we have discussed above, is *naturalisation proper* by which citizenship is granted by a state on the application of an alien and on the latter's fulfilling the prescribed conditions.

Other modes of naturalisation

Naturalisation may also be effected by any of the following methods :—

(1) *Marriage*—A marriage effects a change in the citizenship of the wife who follows the citizenship of her husband. Thus an English woman marrying a German will become a German citizen.

(2) *Legitimation*—An illegitimate child of a citizen father and an alien mother when legitimatised by subsequent marriage, acquires the same citizenship as the father's.

(3) *Purchase of land*—In some states, as in Mexico, acquisition of land confers citizenship on the purchaser.

(4) *State service*—In some states aliens are naturalised on their being appointed servants of the state.

(5) *Long residence*—A person is naturalised in some states, as in Brazil, by long residence.

LOSS OF CITIZENSHIP.

Citizenship may be lost by: (1) *marriage,* (2) *foreign service,* (3) *desertion,* (4) *long absence,* (5) *conviction of serious crimes,* and (6) *naturalisation in another country.*

(1) In many states a woman citizen marrying a foreigner loses her citizenship in her own country and acquires the citizenship of her husband's country by marriage.

(2) According to the law of some states a citizen will forfeit his citizenship if he accepts service under a foreign government.

(3) Desertion from the army or navy may cause forfeiture of citizenship under the laws of some states.

(4) Long absence from the home country is sufficient under the law of many states to exclude one from the fold of citizens.

(5) Citizenship may be lost by a man who is convicted of heinous crimes.

(6) But citizenship is most commonly lost by the citizen's leaving his original home country and his naturalisation in another. Formerly, states were slow to recognise the right of a citizen to renounce his allegiance without the permission of his government. But the present tendency is towards such recognition, though in some countries the citizen is still denied the right of transferring his allegiance without the permission of the state to which he belongs by birth.

Summary

A citizen is a member of a political community. An alien is a mere resident who owes allegiance to some other state. The alien, therefore, is deprived of certain rights and privileges which are enjoyed by the citizen.

Citizenship is acquired by (1) birth or by (2) naturalisation. As citizenship may be acquired so it may be lost in various ways.

CHAPTER VIII

CITIZENSHIP : RIGHTS AND DUTIES

Right

A right has been defined as a power which has received social recognition. Rights are claims recognised by the state. But this is an inadequate theory of rights. Not many years ago slavery was legal, slave owners had the right to hold slaves captive against their will. The law supported the claim of the slave owner and the state recognised it. But the claim should not have been recognised as a right.

The American Civil War brought about the necessary revolution in the ideas of men and slavery was declared illegal.

What then are rights?

Rights are those conditions and guarantees which the state should provide to every citizen in order that he may attain his best self in society.*

The citizen has to seek 'the good life' not only for his own sake but also for the community. If he has to live up to his ideals, he needs certain conditions. He can justly claim them, he has a right to them for the fulfilment of the common good.

Legal and Moral Right

A right is moral if it is based on the moral law, or on the moral nature of man. It rests on the support of the moral opinion of the community.

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* *As Laski says, rights, in fact, are those conditions of social life without which no man can seek to be himself at his best.*

These conditions of the good life for all citizens may not exist in all states and a revolution may be necessary to wring their recognition from the existing legal order. In every state there are certain rights which have been recognised and certain other rights which demand recognition.

A right is legal if it is supported by the state, *i.e.*, enforced or protected by the state.

"A legal right is a capacity, residing in one man, of controlling, with the assent and assistance of the state, the actions of others."

Legal Rights: civil and political

Rights which relate to the protection and enjoyment of life and property and are essential to civilised existence are known as *Civil Rights.*

Political Rights, on the other hand, are those by which a person is entitled as a citizen to take part in the government of his country, *e.g.*, the right of vote, or the right to hold public offices.

Civil and political rights often merge into one another. For example, the liberty of thought and speech and the freedom of association are both civil and political rights.

The possession of rights does not mean the possession of claims that are empty of all duties.

Duty

A duty is an obligation. A man is said to have a duty in any matter when he is under an obligation to do or not to do something.

Legal and Moral Duty

As in the case of rights, duties may be moral or legal.

When a duty is enjoined merely by our moral sense, the duty is moral.

But where a duty is prescribed by the laws of the state, it is a legal duty.

The moral opinion of the community demands of us the performance of certain duties to the poor, to the sick and to the suffering. To induce us to perform these duties, there is

no pressure other than that of the good opinion of the community. These are moral duties.

But legal duties are of an entirely different kind. They have to be done under the compulsion of law. These would be enforced by the state.

RIGHTS AND DUTIES OF CITIZENSHIP

In a modern state it is the right of the people to make the state act for their benefit as it is the duty of the people to serve the ends of the state by loyalty and allegiance to it.

Modern states are mostly democratic states though in a few striking cases we have dictatorships in place of democracy.

Correlation of Rights and Duties : Rights imply duties

Rights and duties are correlative. *Rights involve obligations.* I have rights so that I may make my contribution to the social good. I have no right to act unsocially. I have therefore no right to do as I like.

When the state gives me rights, I have also at the same time to take upon myself my duties to the state. For instance, to protect me against others' attacks implies that I myself shall not attack others. When the state gives me education, I have the duty so to use my knowledge that it adds to the social good. He who will not perform his duties cannot enjoy rights any more than he who will not work can enjoy bread. Our rights are always conditioned by duties and have for their aim the promotion of common good. My duty to the state is, above all, my duty to the ideal which the state must serve.

(1) *My* right implies *your* duty.

My right to move about freely implies a duty resting on you not to interfere with my free movement.

(2) *My* right implies *my* duty to admit a similar right as being yours—for the conditions I need, you need them as well.

My right to move about freely, undisturbed by any one, involves my duty to see that you all also have the freedom to go about undisturbed.

(3) Since the state guarantees and maintains my rights as also the rights of all others, each of us has a duty to support the state whose

protection we seek. *As each person*, A, B, C, D, etc., *claims rights from the state, so each of them has his own corresponding duties to the state.*

(4) *Rights as claims which are, or ought to be, enforceable at law, derive their validity from their relation to the ethical ends of man.* They are the means of making the best of my life; it is on that ground they are claimed, recognised and exercised. Hence I have a duty to use them towards making the best of my life. I claim freedom of speech because such freedom is a necessary condition of the good life. I must use that freedom for the good life.

What these rights and duties of the citizen are we are going to discuss presently.

Rights of the Citizen in the Modern Democratic State

Rights are given to individuals because they cannot be their best selves without them, and also because ultimately the welfare of the community depends on individuals, free, happy and contented.

With the growth of civil and political liberty, the list of the rights of citizenship is becoming more and more extensive, though the rights are not yet exactly the same in every country, nor are the facilities for their enjoyment the same everywhere.

In an imperfect state comparatively few rights gain recognition ; in a more perfect state more rights are secured and guaranteed by the state.

Fundamental Rights

Most modern constitutions contain what is called a "bill of rights", that is a solemn declaration of the *fundamental rights* of the citizen. These rights are called fundamental because they are regarded as essential for freedom—essential for the realisation of the highest good of the citizens.

Some of these rights are civil, others are political and economic. They are generally incorporated in the constitution of the state in order to give them special force and sanctity and to the citizens the security of freedom. These rights differ in different countries but the most important of them are common to all. *These are freedom of person, freedom of speech, freedom of the press, freedom of association and movement, freedom of conscience and equality before the law.*

Besides the fundamental rights, the citizen also enjoys certain other rights. None of these rights, however, can be absolute—none can be allowed to work against the common good. All rights are relative, that is, limited by the rights of others and by considerations of social good. The following, however, may be mentioned, broadly, as the rights, *civil and political,* of the citizen in a democratic state.

Civil Rights

1. The right to life

The right to life implies freedom of person and is very comprehensive. It implies not only protection of life and limb but also an entire absence of physical coercion or restraint in any form. A citizen has also the right to be protected from foreign aggression. It thus includes both external and internal security.

The right to life carries with it the right to use force in self-defence. It also implies the right to bear arms in accordance with the law.

2. The right to property

The right to property secures to everyone the free use and enjoyment of his property. 'An Englishman's home is his castle'. It cannot be invaded or entered into without a legal permit or warrant.

It is the chief strength of private capitalism and of the institution of property. The rights of property, however, must not be allowed against the common good. Socialists are for the abolition of the right of private property.

We have already said rights are the correlatives of duties. I have the right to property if what I own is necessary or important for the duty I perform. I have no right to property which is not earned by my own labour or which is against the social good or which is not necessary to my function in society.—*Laski.*

3. Freedom of belief and conscience

This includes the citizen's liberty of thought and worship. No hindrance to the enjoyment of this right is tolerated in free countries. The suppression of this liberty in Germany, *e.g.*, the persecution of the Jews, is a menace to the civil liberty of the German people.

4. Freedom of movement

The citizen has also the right to be free in his movements which cannot be restricted by an arbitrary exercise of power.

In England if a man is wrongfully arrested, he can claim damages for illegal detention. If an Englishman is imprisoned without trial, he can apply to the courts for a writ of *habeas corpus* under the Habeas Corpus Act for the production of his body in the court, so that the causes of his arrest and imprisonment may be ascertained and he may be tried in a court according to law. It enables him to secure his freedom. Not so in India. In India, specially in Bengal, large numbers of people have been arrested and imprisoned without trial.

5. Freedom of contract*

Citizens have the right to enter into contracts whose terms will be binding on the parties thereto.

6. Freedom of trade, industry and other occupations

Citizens have generally the right to take up any trade, industry or any other occupation they like. But they can be prevented from pursuing a trade which goes against the welfare of the community. The state is, therefore, justified in suppressing, for instance, the liquor trade or the manufacture of opium.

* It should, however, be noted that this freedom, like the others, cannot be absolute and is not allowed in cases where it is not consistent with public good. A contract, for instance, by which a man becomes a slave of another, would be void. The abolition of slavery and indentured labour, recent factory laws (laws for the welfare of the workman, *e.g.*, laws prescribing hours and conditions of work) indicate how far freedom of contract is limited in modern society. The socialists urge the restriction of the rights of property and contract in order to equalise wealth, income, and economic opportunities.

7. Freedom of expression of opinion—freedom of speech and freedom of the press*

Freedom of speech is a very valuable right. In all free countries citizens have the right to speak out honestly whatever views they may hold, provided it is not blasphemous, seditious, obscene or defamatory.

Freedom of the press is included in this right of free expression of opinion and is merely the right to publish in print what a man can lawfully speak. Citizens can criticise government measures even severely. This freedom is, no doubt, subject to the law of libel and sedition.

Men who are prevented from thinking will soon cease to think at all. Freedom of speech and of the press helps to create an enlightened public opinion. It is a powerful weapon against official tyranny as it is one of the most potent means for the redress of public grievances. Almost always free criticism has been a very powerful force for civil and political reform as also almost always the effect of prohibition of freedom of speech has been to drive the agitation underground. A government which stifles criticism prepares for its own destruction.

A man cannot perform his civic duty, if he cannot truly express his opinions.

Unlike England, there is a licensing and censorship of the press in India, and Press Acts are particularly severe. The worst instance has been furnished by the U. P. where a newspaper was penalised for having reprinted a speech delivered in the Legislative Assembly. Opinions which strike at the existing order are in some countries penalised and suppressed on the ground that they constitute a threat to the existence of the State or that they are subversive of the social order. News and views are suppressed in a manner subversive of the civil liberties of the people.

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* 'This is true liberty, when free-born men
Having to advise the public, may speak free.'
—Euripides.

'Give me the liberty to know, to utter and to argue freely, according to conscience, above all liberties.'—Milton.

8. Freedom of public meeting and association

Citizens have the right to assemble peaceably in public and to form associations to promote common interests. This is one of the most important civil rights.

In all matters of public interest there should be the fullest possible freedom for public discussion and honest expression of opinion. Public discussion and criticism are the only alternatives to the use of force.

The right to freedom of speech carries with it the right to freedom of association and public meeting. In the modern world an individual cannot impress his views save by acting with his fellows.

9. Equality before the law

This is one of the most valuable rights of the citizen. If law makes any distinction between high and low or between rich and poor, or between its own officials and the people, there can be no real justice. This idea of legal equality underlies the English *'Rule of Law'*.*

10. Right to education and right to work

In all civilised countries, the responsibility of the state for the moral, intellectual and material welfare of the people is being more and more recognised. The view is, therefore, steadily gaining ground that it is the duty of the state to see that the people are educated and provided with work. So we find in the constitution of the German Republic, *"Education till the 18th year"* and *"Work"* mentioned as rights of citizens. As a matter of fact, in the advanced countries of the world, citizens demand education for all and work for the unemployed as matters of right.

*** The Rule of Law**

The Rule of Law which obtains in England, the U. S. A. and the British Dominions is the best legal security of the rights of citizenship.

It implies, according to Dicey, (1) *the absolute supremacy of the law.* No one can be arrested, imprisoned or otherwise punished except in accordance with law. (2) *Equality before the law.* The Prime Minister and the constable, the lord and the commoner are to be tried by the same court and by the same laws. (3) *The law is no respecter of persons.* The legal system of the country is directed and pervaded by the rule of law.

Right to education

Citizenship has been defined as the contribution of one's instructed judgment to the public good. It follows therefore that the citizen has the right to such education as will fit him for the task of citizenship. In the long run power belongs to those who can think and judge for themselves. The citizen who lacks it is bound to be the slave of others. Every citizen should have that education which would enable him to weigh, judge, choose and decide for himself.

Right to work

The citizen has the right to work and also the right to be paid an adequate wage for his labour without which full citizenship is not possible. The right to work carries with it *the right to be provided against unemployment.* The right to an adequate wage has the corollary *right to reasonable hours of work,* without which men and women have only a life of endless toil. Without leisure, citizens are incapable of thinking and acting for social good.

11. Freedom of marriage and other rights of the family

Citizens are free to contract marriages according to their own choice.

The rights of the family, *e.g.*, the right of the father to the guardianship of his children, are guaranteed. It should, however, be noted that the freedom of marriage and other family rights are to be exercised with due regard to the good of the community. So the state reserves the right to restrict this freedom of the citizen, if it is sought to be used in a manner opposed to the general good. We may mention the Sarda Act (or the Prevention of Child Marriages Act) in this connection.

12. *Right to the secrecy of correspondence through the post, the telegraph or telephone*—In all free countries the sanctity of private correspondence is respected, though in cases of very strong and reasonable apprehension of danger to public safety, letters and other private communications may be intercepted by the authorities.

13. *Liberty of migration and the right to the protection of the state*—Except in special circumstances, the citizen should be allowed to go out of the territorial limits of the state when he likes, and even when he is abroad, he has a right to the protection of his own state. Thus the interests of an Englishman living, for instance, in Japan are looked after by the British Ambassador in Tokio.

14. *Right to culture and language*—Each citizen has a right to the culture and language of the group to which he belongs. The right is

now recognised by all modern states and by the League of Nations. It is an important guarantee of minority rights.

15. *Right to the other advantages of social life.*

Political Rights

The rights enumerated above are *civil and economic rights* and may be distinguished from *political rights* which *in a democratic state,* are (1) the right to hold public offices, (2) the right to vote or *the franchise,* and (3) the right of petition. The distinction between the spheres of civil and political rights is becoming less clear. In fact, many of the rights impinge on both.

1. Equal eligibility for public office, executive, legislative and judicial

This is a valuable right of the citizen in a democratic country. The poorest citizen is as eligible for the highest office in the state as the richest. It is a right which citizens alone can demand but which is denied to aliens.

2. Franchise

The right to vote is the most important political right. It is through the vote that citizens in a democracy take part in the government of the land. It is to be noted that though the ideal of democracy is to invest every person, male or female, in the state with the right of vote, not in all countries has the vote been given to all persons within the state.

Aliens, minors, lunatics, criminals and other persons who are obviously unfit, are not allowed to vote. There is a further test of qualification either of property or of education. Formerly, women were invariably disqualified by their sex and were not allowed to vote. But women have been enfranchised in most of the Western states to-day and also in some of the advanced countries in the East.

People are now thinking that property should not be a test for franchise, and the education test, which has been

always a low one, does not matter much in countries where elementary education is compulsory and free.

3. Right of petition

Every citizen has the right to address written petitions or complaints to the competent authorities. This right may be exercised by individuals and also by several persons together.

The right to resist the state

We sometimes speak about a citizen's right to resist the state. But this cannot be a legal right, because if it were a legal right the state would be bound to assist the citizen to resist itself. That would be absurd. *The right to resist is a moral right (not a legal right) whose exercise is justifiable only in a conflict of unusual moral importance.*

Any given state is morally justified to the extent it is itself moral. If the state issues a command which the individual cannot conscientiously obey, the individual would be morally justified in refusing his obedience to the state. *It is upon this right, as applied to large masses, that the right of revolution is founded.* But in every case the individual is to be guided by considerations of the general good, not his selfish good. *The moral right of revolution cannot be denied but its exercise can only be justified when its consequences have been duly weighed and the judgment reached that good rather than evil will come out of it.*—Willoughby and Rogers.

Duties and Obligations of the Citizen

As the citizens have their rights so also they have their duties or obligations.

The emphasis to-day is as much to be laid on the duties of a citizen as on his rights. These duties of a citizen are moral as well legal and involve *sacrifice, courage* and *discipline.* He owes these duties to his family, neighbours, fellow citizens and to society at large.

The most important among his duties to the state are the following :

1. Allegiance

Every citizen owes allegiance to the state to which he belongs. He must defend the state against all enemies and

dangers and has a duty to assist the state in the suppression of crimes and revolution. The state can call upon him or even require him to take up arms in its defence. It can prescribe a period of compulsory military training for the citizen. The citizen should be prepared, if necessary, even to lay down his life in defending the state and to discharge the duties involved in his allegiance to the state.

2. Obedience

Every citizen has the supreme duty of obeying the law. Good citizenship consists more in this obedience to law than in any other thing. Laws are enacted for the welfare of the community, so the man who has a regard for law, has the good of the community at heart. Respect for the laws and the institutions of the state make one a good citizen.

There may be occasions when public opinion has to be organised to repeal laws anti-social in character.

Disobedience of law may, in exceptional circumstances, be morally justified but even in such cases it ought to be carefully considered whether the object underlying such disobedience may not be better attained by other means.

Respect for law, once undermined, may shake the very foundations of our social order.

3. Payment of Taxes

As a citizen should be prepared to die for the preservation of the state against disruption by external invasion or internal rebellion, *he should also contribute towards the maintenance of the state by duly paying the taxes and other rates which are legally imposed on him.*

4. Honest exercise of Franchise

The citizen has also the duty of voting. *The vote should be exercised with judgment, discretion and rectitude.* In a democracy the people have got the political power which is

exercised by them through the right of vote. In modern democracies party government is the rule—the dominant party governing the state. The citizen shall therefore choose the party which shall govern him well. He should discuss and compare the programmes of the parties and the merits of the candidates who seek his vote.

There can be no good government unless the people regard the vote as a sacred trust. While using the vote they must remember that the good of the community is in their keeping.

Dishonest or indifferent exercise of the franchise may go against the good of the community.

5. *Elementary education and work*—As education and work are regarded as matters of right, so they are coming to be looked upon as duties. *Every good citizen should consider it his duty to give to his children, at least, a primary education. In most modern states the law compels him to do so.* The education of the masses would prevent their being duped or exploited by interested parties.

It is also his duty to do some productive work and not to be a burden upon the community.

6. *Service generally*—Lastly, it is the duty of the citizen to render all possible service to the community. He should come forward to hold any public office of trust when necessary and should not grudge rendering public service. This spirit of service is known as public spirit. He should actively participate in civic life—municipal affairs, social service work, etc.

It is because of the absence of public spirit on the part of the people that the affairs of the town or the country are not properly conducted. The indifference and the unwillingness of good people to serve in public offices place bad and selfish people in power and authority which they exercise in their own interest.

Summary

Rights are those conditions of social life without which no man can seek, in general, to be himself at his best. (Laski).

Rights may be legal or moral. Legal rights are of two kinds : civil and political.

A duty is an obligation. Duties may be legal or moral. Rights and duties are correlated. Every right implies a duty.

In Civics we are concerned mainly with the rights and duties of the citizen.

The important civil rights are—(1) right to life, (2) right to property, (3) freedom of belief and conscience, (4) freedom of public meeting and association, (5) freedom of movement, (6) freedom of contract, (7) freedom of trade, industry or other occupations, (8) freedom of expression of opinion, (9) equality before law, (10) family rights, etc.

The principal political rights are (1) the right to hold office, and (2) the right to vote (*franchise*).

The principal duties of the citizen are : (1) allegiance, (2) obedience, (3) payment of taxes, and (4) honest exercise of franchise.

CHAPTER IX

GOOD CITIZENSHIP

We have enumerated already the rights and duties of a citizen. It will be obvious that these refer to a democratic country, that is, a country where popular government has been established. The citizens of a free country should possess certain qualities for the proper exercise and discharge of their rights and duties.

Elements of Good Citizenship

According to *Bryce,* the qualities which go to make a good citizen, are *intelligence, self-control* and *conscience. White* says that these are *common sense, knowledge* and *devotion.* Both, however, mean practically the same things.

(1) Where a citizen has a share, *direct or indirect,* in the government of his country, *it is necessary that he should be intelligent.* The quality of the individual's mind and character is reflected in the government. He should have common sense as well as knowledge.

(2) *Self-control lies behind the spirit of obedience without which there can be no good citizenship.* The citizen should learn to subordinate his will to that of the community. This is the first condition of the existence of a state. If everyone has the liberty to do whatever he likes, there can be no civil society. The individual should obey the laws of the state because such obedience is necessary for the common good. But this obedience should not be based on fear or inertia.

Laski has emphasised the dangers of excessive obedience to the state.

(3) Lastly, *the good citizen should possess conscience or devotion.* Conscience here means the sense of civic duty. It

is a very comprehensive term and it means much more than the mere negative virtue of not infringing a law. A citizen should never forget that he has got responsibilities. He has to render services to the community. He should feel that it is an imperative duty on his part to do whatever he can in order to increase the welfare of the community.

Law compels a man to do certain civic duties such as fighting for the welfare of the country, serving on the jury, educating his children and paying rates and taxes. The good citizen performs these duties not because the law compels him, but because he is inspired by a *spirit of service and devotion to the state.*

Again, there are many civic duties such as *voting* intelligently and honestly, performance of which cannot be enforced by law but must depend solely on the citizen's *conscience.*

Hindrances to Good Citizenship

(In a modern democracy, it is necessary that the government should be a government of the people and by the people. Therefore the quality and contribution of the individual is important. If the citizen is stupid or ignorant, if he is indolent or selfish, if he is capricious or guided by party spirit, he would cause a set-back to the progress of the state.) For, hindrances to good citizenship are also hindrances to the smooth and efficient working of the state.

In India there are special hindrances to good citizenship due to the existence of *social disabilities* and *caste* and *class divisions, bitter communal differences* and *religious bigotry* of an unprecedented kind leading to *social tyranny.*

The great illiteracy, conservatism and inertia among the masses and *their abject poverty have dragged them down to utter degradation and have prevented them from having any idea of civic rights and duties without which good citizenship is not possible.*

We shall now discuss what are usually the hindrances to good citizenship.

(1) In the first place, we should put *ignorance and stupidity* which are the opposites of knowledge and intelligence. If he is ignorant, he does not add any importance to any local function in which he may take part. He is not sufficiently competent to exercise any public function. His want of education is responsible for his poor grasp of problems of the state.

'Knowledge is power.' The efficiency and strength of the state is increased by educating citizens and by awakening their sense of responsibility. It is the duty of the state to educate them so that they may become intelligent citizens.

The success of democracy depends largely on the average citizen having a fair measure of education and culture. *Democracy has been characterised by its critics as mob rule. It will deserve such a derisive epithet if the average citizen is ignorant and stupid.*

(2) Then comes *self-indulgence* which is opposed to self-control. *Where the individuals are not capable of restraining themselves, there can be no civilised government.* If every one were to indulge in one's own fancies, there would be chaos.

The individual must submit to the rule of the majority in a democracy, otherwise no government would be possible.

(3) Lastly, there are the obstacles which retard the growth of our sense of civic duty. These are (*a*) *indolence,* (*b*) *private self-interest, and* (*c*) *party spirit.*

(*a*) *Indolence**—It has been said that what is *everybody's business is nobody's business.* There is thus a tendency on the part of the *ordinary citizen to become apathetic with regard to public affairs, because he feels that the duty is shared by*

* Indolence expresses itself in the following ways—*neglect to fight, neglect to vote, neglect to serve in office, neglect to study and reflect upon public questions.*

numerous others. But such a neglect of public duties is most harmful to the community.

In addition to this *apathy to public affairs, the great size of modern states, the diminished scope for individual citizens, and competing interests—sports, trade, commerce*—tend to encourage this feeling of indolence.

Every citizen should exert himself when such exertion is demanded by a public duty. He should regard voting as a serious business and he should be ready and willing at all times to serve in public offices. Unless everyone co-operates, no great achievement is possible. All must share in the work for the common good.

Besides indolence in action there is also indolence of thought. The good citizen should think for himself in order to ascertain what is best for the community, and should not slavishly and unthinkingly join in a party cry. It should not be forgotten for a moment that *the price of freedom is eternal vigilance, and true vigilance is born of clear and independent thinking.*

(*b*) *Private self-interest—Self-interest is a great hindrance to good citizenship.* Private interest is promoted at the expense of the public good by the *buying of votes, shifting of the burden of taxes and duties, special favours to particular localities and trades, government contracts.* Self-interest, however, still acts in the minds of individuals in various forms. Sometimes, we find an individual trying to get his own taxes reduced, provide jobs for his own relations, use public money for the improvement of his own locality, secure special benefits and privileges for his own trade and industry—thus seeking to deprive the community of its due share.

Votes may be sold which only means "the sacrifice of public duty to personal cupidity". Motives of self-interest may similarly influence legislators in fixing the taxes of the land. The burden of taxes may fall more heavily on some one class

or classes of persons than on others. Public money may be appropriated to benefit one locality in preference to another. There are numerous other ways in which self-interest may be a hindrance to the honest discharge of our civic duties.

A good citizen should always be on his guard so that self-interest may not vitiate his public conduct.

(*c*) *Party spirit*—The party system is a necessity in modern democratic countries, and party spirit, in so far as it is healthy, is conducive to better political organisation. Healthy rivalry, without malice or self-interest, is unquestionably good.

But *party spirit also gives rise to certain unhealthy features* which characterise most of the democratic states of the day. Party spirit may be subversive of independent thought. It makes men eager for victory—not for truth but for the party they belong to. It engenders feelings of enmity between the adherents of different parties and it sometimes leads men to subordinate the interests of the nation to those of the party. *A good citizen should always be careful so that party spirit may not get the better of his loyalty to the nation.*

The Remedies according to Bryce

The remedies, are (a) *mechanical improvement—reform of laws and institutions,* and (b) *ethical improvement—reform of the character and spirit of the people by education and by setting high ideals.*

(a) Reform of Government—the mechanical reforms

If the machinery of government is such that it limits opportunity, restricts originality, depresses and dismays the citizen, it is against progress and ought to be reformed at once.

To evoke the loyalty and devotion of the people to the state they must be allowed to feel that the state is their own and that it exists for the promotion of their own good.

(b) Reform of the people—the ethical reform

An improvement of the character and spirit of the people can only come through a system of national education.

For a truer realisation of the civic ideals it is not only important to develop the civic qualities in men but also to remove the hindrances to good citizenship—indolence, private self-interest and unhealthy party spirit.

Summary

The *elements of good citizenship* are : (1) intelligence, (2) self-control and (3) conscience (Bryce). According to White, these are common sense, knowledge and devotion.

The *hindrances to good citizenship* are : (1) ignorance and stupidity, (2) self-indulgence, and (3) a wrong civic conscience arising out of (i) indolence, (ii) private self-interest, and (iii) party spirit.

CHAPTER X

THE INDIAN CITIZEN

We have mentioned before the rights which citizens in modern civilized states possess and have indicated the restrictions with which they must be enjoyed. But in India there are certain other restrictions to which the Indian citizen is specially subject. To these we shall briefly refer here.

I. Liberty of Person

In the first place let us note that the rights and liberties of the citizen are real only when they can be enforced by a court of law and any restrictions which may be imposed are arbitrary if their justifiability cannot be tested in a court of law. Rights and liberties are, therefore, in jeopardy when the law gives the executive large powers to restrict them without any reference to a court of law, *e.g.*, by *Ordinances* and *Regulations*.

If a person is to be imprisoned or kept under restraint, he should be tried openly and in the ordinary manner. But *in India the executive has been given powers by the exercise of which it can indefinitely detain a person in jail without ever bringing him before an open court of law.*

In the early days of the Company's rule, regulations, giving such powers to the executive, might have been necessary. But many of them are still unrepealed and are on the Statute Book. One amongst them, the unpopular Bengal Regulation III of 1818, has been largely used in recent times. Section 72 of the Government of India Act, 1919, confers on the Governor-General the power to promulgate an ordinance* for six months for the peace and good government of the country.

* "This power", as the Rt. Hon. Mr. Srinivasa Sastri said, "has been used sometimes for our good, as for instance, when indentured

In an attempt to suppress the anti-war campaign of 1939 the Governor-General has used this extraordinary power in promulgating a number of Ordinances, *e.g.*, the Press Ordinances, the Defence of India Ordinances.

Section 126 also empowers the Governor-General or the Governor in Council of a province to arrest and detain a person suspected of carrying on dangerous correspondence with maharajas, zemindars, etc.

The Act of 1935 gives the power of making ordinances not only to the Governor-General but also to the Governors in the provinces.

II. Rights of movement, settlement and migration

We have seen that it is one of the ordinary rights of the citizen to move about freely and settle anywhere he likes within the state. There may be one or two legitimate restrictions, for instance, in the case of criminal tribes whose movements are in certain respects restricted. But there are other disabilities under which the Indian citizen labours.

If the Indian Empire is included in the larger British Empire then the Indian citizen should have the right to settle in any part of the Empire and enjoy all the civic amenities available there. In South Africa and in East Africa Indians are not allowed the same privileges as white settlers. Nearer home, in Burma and Ceylon, there has been legislation, openly anti-Indian in character. The migratory right of the Indian citizen has been in certain cases unjustifiably curtailed by Indian passport regulations.

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labour was suspended, another time very recently when the Cotton Excise Duties were suspended, but the same power is also used for purposes, the reverse of this. Only the other day the Governor-General issued an Ordinance, the provisions of which were bodily taken over from the repealed Rowlatt Act, and before six months were over they took good care that that Ordinance should be kept alive by means of an enactment put on the Bengal statute book, which, again, being opposed by the people and their representatives, was passed on the sole authority of the Governor."—*Kamala Lectures.*

III. Right to hold offices

The right of equal eligibility for public offices was first guaranteed in the Charter Act of 1833 and is also embodied in section 9 of the Government of India Act, 1919, which runs as follows:—"No native of British India nor any subject of His Majesty resident therein shall, by reason only of his religion, place of birth, descent, colour or any of them, be disabled from holding any office under the Crown."

"Still the present distribution of offices between Europeans and Indians must be held to be an infraction of this right" (Sastri). This is true in the case of all superior civilian appointments but the greatest grievances under this head are in respect of the Indian Army where even the most loyal and distinguished Indian soldiers are not yet taken into positions of trust and responsibility.

IV. Right of free expression of opinion

The executive in India, irresponsible as it is to the people of the land, sometimes comes in for criticism in the Indian press and platform for measures unpopular in their nature. The law is set in motion and interpreted by the same executive whose conduct has been the subject-matter of criticism.

The grievance of the Indian citizen therefore relates at present not so much to the law as to the legal procedure and the interpretation of the law.

The law of sedition, as it is worded, may not be a bad one but the impression is unfortunately gaining ground that it is sometimes used at the instance of the executive for the suppression of opinion.

Freedom of the Indian Press

We should insert here a note on the freedom of the Indian Press.

Besides its subjection to the law of libel and sedition as laid down in the Indian Penal Code, the Press may be searched and seditious books and newspapers may be forfeited to the Government under section 99 of the Criminal Procedure Code. The relieving feature is that the aggrieved party may appeal to a special bench of three High Court judges. Restrictions of the same nature are also to be found in the Post Office and the Sea Customs Acts. The Press is also subject to the provisions of the Princes' Protection Act which is a piece of unpopular legislation. Public opinion in India has been demanding for a long time that actions relating to the Press be made triable by jury.

In the past the Press in India was subject to various restrictions many of which were highly objectionable. In fact the executive did not look upon the Indian Press with any favour in its early days. A censorship was established during Wellesley's time and offences relating to the Press were made heavily punishable. The censorship was abolished in Lord Hastings' time but still a number of onerous restrictions remained. Metcalfe did away with most of the restrictions.

But again in 1878 the Vernacular Press Act, passed during Lytton's period, greatly curtailed the freedom of the Press. Yet another instalment of curtailment came with the passing of the Newspaper Incitement Act in 1908. The last point in reactionary legislation was reached in 1919 when the Press Act was passed. But popular opinion against these restrictions which had practically deprived the Press of its freedom became so very strong that the Press Act was repealed in 1922. The Press Ordinance promulgated in May 1930 re-introduced all the odious restrictions of the repealed Press Act and even added to them some more. The Ordinance when it lapsed after 6 months was not revived. In 1932 drastic restrictions were again imposed on the Indian Press through Ordinances and Public Safety Acts. The liberty of expression of opinion of the Indian citizen has been largely curtailed by the gagging of the Press and the banning of associations and public meetings in many parts of the country.

V. Right to the secrecy of private correspondence

This right may be legitimately restricted if a restriction becomes necessary for the public good. But the executive should not be allowed to intercept private correspondence on

any slight pretext. *In free countries an interception of a private communication would be considered justifiable only when the executive had very strong reasons to believe that correspondence, highly dangerous to the state, was being carried on.*

In India, however, there is an impression in the minds of the people that interceptions are made rather freely. It has been alleged that the correspondence of highly respectable citizens in India has been intercepted and that without sufficiently reasonable grounds.

VI. The right of association and public meeting

Though the Indian citizen generally enjoys the right of association, the law has vested in the executive various powers the exercise of which can seriously restrict this right. The Governor-General in Council has been empowered by Part II of the Criminal Law Amendment Act of 1908* to declare an association unlawful if, in his opinion, such association is engaged in any unlawful work. This is regarded as an arbitrary power because an order of the executive in this matter cannot be challenged in a court of law. Public opinion demands that a court of justice should decide whether a particular association is lawful or unlawful in respect of its objects and activities.

With regard to the right of public meeting, the Seditious Meetings Act of 1911 provides for possible infringements of it because in areas where this Act is in operation the executive can stop public meetings if they so like. *Popular opinion regards with disfavour the manner in which assemblies, which the authorities consider unlawful, are suppressed in India. The misuse of section 144 of the Criminal Procedure Code also is*

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* Under section 15 of the Act, the Government in August 1930 declared the Working Committee of the Congress unlawful. The ban against the Working Committee was withdrawn on 25th January, 1931. The Working Committee as well as all provincial and local Congress Committees were again declared unlawful associations in 1932. But the Indian National Congress as a whole was not declared unlawful.

often referred to as an infraction of the citizen's right of public meeting.

Education and work

In India neither of these can be demanded by the citizens as a matter of right. In the more advanced democratic countries primary education is not only compulsory but free as well. In Germany, for instance, not only instruction is free but all books and other educational accessories are supplied free by the state in the primary and continuation schools. In India the part which the state plays in the matter of educating the people is still very small.

As regards employment, the position of the Indian citizen is very different from that of the citizen of an advanced state in the West. The latter has the right "to the work for which he is most fitted or in the alternative the right to his maintenance at public expense". He wants work. Work must be provided for him. Or if it cannot be so provided he must be maintained by the state which can utilise his services in the most profitable way it can.

THE CONGRESS AND THE FUNDAMENTAL RIGHTS OF THE INDIAN CITIZEN

It may not be out of place here to refer to the Congress resolution on the Fundamental Rights and on the national economic programme passed at Karachi in March, 1931. As Mahatma Gandhi in moving the resolution said, it was "meant for those who are not legislators, who are not interested in intricate questions of constitution, who will not take an active part in the administration of the country". Its purpose was "to indicate to the poor inarticulate Indian the broad features of *Swaraj*. The Congress by this resolution declared to the world what it stood for. The resolution indicated the policy that would generally be pursued when power came into Indian hands. An equal emphasis on political and economic freedom

is noteworthy and significant. In order to put an end to the exploitation of the masses, political freedom must include economic freedom.*

Its salient features are: (1) *recognition of private property*—private landlordism and private capitalism to continue, (2) *the state will control the key industries* and will seek to mitigate the evils of great inequalities in income by the levy of death duties and by an equitable system of land taxes, (3) *drastic* reduction of military expenditure by a reduction of the regular army strength.

By the recognition of private property the Congress has dispelled the fears of those who feared a revolutionary communist programme from it and has retained the support of landlords and merchant princes. At the same time Congress has provoked an opposition and challenge through the growing power and influence of the Communists in India.

The Congress programme is thus essentially a reformist one—and not revolutionary. By its failure to advocate radical changes it has disappointed advanced socialists and other extremist elements in this country.

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* Freedom will not be achieved for the mass of men save under *special guarantees.*

(1) *It can never exist in the presence of special privilege.* The endurance of oppression by Negro slaves was the outcome of their wonted subjection to a *regime* of privilege.

(2) *Nor, secondly, can there be liberty where the rights of some depend upon the pleasure of others.* While I seem to enjoy political freedom, the absence of economic freedom may render my supposed political freedom illusory. My employer and my landlord may interfere with my political freedom by threatening me with the loss of my livelihood.

(3) *And, thirdly, we have to assume that the incidence of state action is unbiased*—that the state treats all equally.

Unfortunately, that assumption cannot always be made. The capitalist state is accused of having a bias for the rich and in most countries, the people are seeking to minimise that bias in a declaration by the state of the *fundamental rights of citizens.* That declaration constitutes the guarantee of a minimum bias. But it is important to insist that it is bound to suffer perversion unless men are unceasingly vigilant about their rights—Laski, *A Grammar of Politics.*

Since the Lucknow session of the Congress in 1936 the socialists have been trying to make the Congress adopt a more revolutionary socialist programme.

The Congress Charter of Freedom

The articles in the Congress Declaration of the Fundamental Rights and of the national economic programme collectively constitute the Congressman's idea of freedom and the Congress charter of liberty for the Indian people. These are reproduced below *verbatim.*

Fundamental Rights

1. (*i*) Every citizen of India has the right of free expression of opinion, the right of free association and combination and the right to assemble peaceably and without arms, for purposes not opposed to law or morality.

(*ii*) Every citizen of India shall enjoy freedom of conscience and the right freely to profess and practise his religion, subject to public order and morality.

(*iii*) The culture, language and scripts of the minorities and of the different linguistic areas shall be protected.

(*iv*) All citizens of India are equal before the law, irrespective of religion, caste, creed or sex.

(*v*) No disability attaches to any citizen, by reason of his or her religion, caste, creed or sex, in regard to public employment, office of profit or honour and in the exercise of any trade or calling.

(*vi*) All citizens have equal rights and duties in regard to wells, roads, schools and places of public resort, maintained out of state or local funds or dedicated by private persons for the use of the general public.

(*vii*) Every citizen has the right and obligation to keep and bear arms in accordance with regulations and reservations made in that behalf.

(*viii*) No person shall be deprived of his liberty nor shall his dwelling or property be entered, sequestered or confiscated save in accordance with law.

(*ix*) The State shall observe neutrality in regard to all religions.

(*x*) The franchise shall be on the basis of universal adult suffrage.

(*xi*) The State shall provide for free and compulsory primary education. The aim of educational institutions shall be the promotion of public spirit and of personal and vocational efficiency, the development of the spirit of Indian nationality and the maintenance of international friendliness. In giving instruction in public educational institutions care shall be taken not to wound the susceptibilities of those holding different opinions.

(*xii*) The State shall confer no titles.

(*xiii*) Every citizen of India is free to move throughout India, to stay and settle in any part thereof, to acquire property and to follow any trade or calling.

(*xiv*) No person shall be punished for any act which was not punishable under the law at the time it was committed.

(*xv*) The privacy of correspondence and of postal, telegraphic, and telephonic communications shall not be infringed except in accordance with law.

(*xvi*) Every citizen has the right of complaint or petition to competent authorities or to the representatives of the people. This right may be exercised by individuals or by several persons in common.

(*xvii*) There shall be no capital punishment.

Labour's Rights

2. The State shall safeguard the interests of industrial workers and shall secure for them, by suitable legislation and in other ways, adequate wages, healthy conditions of work, limited hours of labour, suitable machinery for the settlement of disputes between employers and workmen, and protection against the economic consequences of old age, sickness and unemployment.

3. No person shall be compelled to labour against his will and without due compensation, except when such labour is imposed by law.

4. Attention shall be paid to the special needs of women workers, including care of infants when their mothers are at work, and adequate provision shall be made during the maternity period.

5. Children of tender age shall not be employed in mines and factories.

6. Workers have the right to form unions to protect their interests.

Taxation and Expenditure

7. The system of land tax shall be reformed and an equitable adjustment made of the burden, immediately giving relief to the smaller

peasantry, by a substantial reduction of agricultural rent and revenue now paid by them, and in case of uneconomic holdings totally exempting them from rent or revenue, with such relief as may be just and necessary to holders of estates affected by such exemption or reduction in rent; and to the same end, imposing a graded tax on net incomes from land above a reasonable minimum.

8. Death duties on a graduated scale shall be levied on property above a fixed minimum.

9. A policy of peace with neighbouring countries will be pursued and there shall be a drastic reduction of military expenditure so as to bring it down to at least one half of the present scale.

10. Expenditure and salaries in civil departments shall be largely reduced. No servant of the State, other than specially employed experts and the like, shall be paid above a certain fixed figure, which should not ordinarily exceed Rs. 500 per month.

11. No duty shall be levied on salt manufactured in India.

Economic and Social Programme

12. The State shall protect indigenous cloth; and for this purpose pursue the policy of exclusion of foreign cloth and foreign yarn from the country and adopt such other measures as may be found necessary.

13. Intoxicating drinks and drugs shall be totally prohibited.

14. Currency and exchange shall be regulated in the national interests.

15. The State shall own or control key industries, mineral resources, railways, shipping and other means of public transport.

16. Adequate steps shall be taken for the relief of agricultural indebtedness and the prohibition of usury.

17. The State shall take steps, directly or through local bodies, to improve the condition of the people in rural areas by providing healthy amusements, facilities for adult education, the extension and improvement of agriculture, the revival and development of hand-spinning and hand-weaving and other indigenous arts and crafts and the adoption of an effective programme of village sanitation, drinking water supply and medical relief.

18. The State shall provide for the military training of citizens so as to organise a means of national defence, apart from the regular military forces.

Summary

The Indian citizen still suffers from many disabilities. His personal freedom is subject to curtailment by the executive. He cannot freely move about nor can he settle nor migrate anywhere he likes.

He is still excluded from certain offices, civil and military—although he was declared, quite long ago, eligible for all offices under the Crown in India.

The Indian press enjoys a qualified freedom. There is a feeling in the country that freedom of opinion is not tolerated. Private correspondence is subjected to unwelcome censorship. The rights of association and of public meeting are subject to unnecessary restrictions.

A picture of Indian Swaraj and of the position of the Indian citizen therein, will be found in the Congress declaration of fundamental rights and in its national economic programme.

CHAPTER XI

FAMILY, VILLAGE, CITY, COUNTRY AND THE EMPIRE IN RELATION TO CITIZENSHIP

We have discussed before the nature of citizenship. We have also discussed, in general, the rights and duties of the citizen. *The citizen, however, may be taken as a centre round which several concentric circles may be drawn.* The smallest of these will be the *family.* Then comes the *village* or the *town* or *city.* The next larger sphere is the *country.* A yet larger one may be the *empire.* And the largest circle is the *world.* Thus arises the necessity of studying the family, the village, the town and the city, the country, the empire and the world in relation to citizenship.

Such a study may be pursued on two different lines. *First,* it may be an examination of the modern citizen's position and an analysis of his rights and duties from local, national and universal points of view. *Secondly,* it may be a historical study of the progressive stages in the growth of the civic sense of man and of the factors which have contributed to that growth. In our brief examination of this question we shall try to combine into one the two lines of enquiry.

Citizenship and the Family

The importance of the institution of the family both *as a factor of civilisation* and *as the training ground of citizenship* is too great to be overlooked even by a casual observer. The natural law of the family is the dependence of the young on their parents. But in ancient times it was not the father, mother and the children who alone constituted the family. The slaves were also included in the family.

But it may be assumed that *what, in later times, developed into the individual's subjection to the authority of*

law, had been in ancient society his submission to the authority of the head of the family. So one of the primary lessons of citizenship was learnt in the school of the family.

Though, in course of time, the strength of family discipline gradually diminished, the *family has always been, as it still is, the training ground of citizenship. In many respects the family is a prototype of the state* because social and civic elements are abundantly illustrated in the life of the family. It is in the family that the individual first learns to conceive of a common good—the good of the family. He acquires self-control and learns how to subject his own individual good to that of the family. This training paves the way to becoming a good citizen, because one of the elements of good citizenship is the individual's readiness to sacrifice his smaller private good for the greater good of the community. "Family life", in the words of Auguste Comte, "will remain the eternal school of social life, as regards both obedience and government, which ought, as far as possible, to follow this elementary model."

Further, the citizen has certain duties to perform even as a member of the family. For instance, it is the duty of parents, as good citizens, to see that their children are healthy, educated and of good morals. *Again, the material welfare of the community depends to a considerable extent on the proper economic organisation of the family.* The economic organisation of the family should be such as encourages self-help, industry, thrift and the spirit of service. The family as a social organisation must serve the social purpose.

Citizenship and the village or the town

Outside the family the next larger sphere for the citizen is the village or the town. When several families settled down to an agricultural life the village grew. The town or the city was an after-growth when with the development of arts and industries wealth increased and men flocked in large numbers

to a centre, which was generally the seat of the royal court or a place of pilgrimage or an emporium of arts and industries.

There is, however, a very intimate relation between the village and the town because they are not independent of each other. While the village supplies the city with the primary foodstuffs and with raw materials, the city supplies the village with the refined arts and with the necessaries which the village itself cannot produce.

From the very intimate etymological connection between "city" and "civilisation" it will be apparent how important a part the city played in the growth of civilisation in the West. In India also there has always been a tendency of the civilised arts to be localised and culture to be crystallised in the city.

The residents of a village form into a community. They have their common problems. In ancient times the Indian village was a self-contained whole in which every one had an appointed place. Castes in India developed on the economic principle of division of labour. But in modern times there is no such precise division of labour on a caste basis though many castes still follow their traditional occupations. The villages are no longer economically self-contained.

The rural problems, in modern times, chiefly relate to *education, health* and *sanitation, roads, water-supply* and *medical relief.* These problems cannot be fully solved except through the combined efforts of the state and the people. It is the duty of every citizen living in a village to help in the solution of these problems and to be ready to serve on rural boards that may be constituted in his own area.

The problems of the city are almost the same as those of the village, (with the addition of the problems of housing, conservancy, drainage and town lighting); only in the city they are more urgent and can in no case be left merely to the individual's care. The construction and the maintenance of roads, lighting arrangements, water-supply and conservancy, for instance, are some of the major tasks of a municipality. *The citizen should not be indifferent to the administration of the city in which he lives.* He should feel that he is one of those who are responsible for the health and welfare of the

city in which he dwells. He should contribute his quota to the fund of civic welfare. In short, he should cultivate the civic sense.

Citizenship and the country

After considering the family, the village and the city in relation to citizenship we are now led to consider the country in relation to citizenship.

The word "country" is a geographical term. But it is used at the same time in a political sense, when it conveys the same idea as the word "nation". When we consider the citizen as a resident of a village or a town and as such interested in its welfare our point of view is local. But when we reach the conception of the country we are looking from a national stand-point. It is a larger conception and was arrived at by man after a long time.

It is only when man can look beyond the local boundaries of his village or city or even his province and thinks of a larger community of human beings and human interests (*i.e.*, of the country or the nation) that the idea of the country state or the nation state is reached. A citizen as a member of the country state should have a broad outlook. *He should learn how to reconcile the various local interests among themselves and also to subordinate them to the higher interests of the whole country.* He should learn to love the state of which he is a member though he may be only a small part of it.

Citizenship and the Empire

The idea of the empire was born at the time when a powerful king or general led a victorious military campaign and established his dominion over the conquered country. Military zeal and love of supremacy were perhaps the forces which originally supplied the motive power. Later economic causes also helped to build and destroy empires.

In ancient India there were extensive empires under Hindu and Buddhist emperors. The Greeks under Alexander founded a vast empire which extended right up to the Punjab in India.

The great Roman Empire extended over vast territories in Europe, Asia and Africa.

In modern times the British Empire has been founded mostly as a result of commercial enterprise and capitalist adventure. It now covers one-fifth of the globe. But the British Empire is different from its ancient prototypes inasmuch as its different parts except India and the Colonies are now autonomous in character. If Dominion Status be granted to India and the colonies the British Empire might then truly become the British Commonwealth of Nations. In the ancient empires only the members of the conquering race enjoyed the full rights of citizenship. An Indian would not only have his Indian citizenship but as a citizen of the empire* he would also stand on the same footing as the citizens of other parts of the empire.

The citizen of the world

We have discussed above citizenship in relation to the family, the village or city, the country and the empire. But there is a tendency at present towards widening the scope of citizenship still further. International relations in all spheres,

* There is, however, in reality no such thing as a British Empire citizenship. There is such a thing as British Empire subjecthood which entitles you to the protection of the King so long as you do not commit a crime. But there is nothing more. Some British statesmen are seeking to make Empire citizenship more real by forging a greater unity through new economic bonds. The Ottawa Agreement has been an attempt in that direction. Imperial defence is also a bond of imperial citizenship.

"The equal claim for equal franchise rights in the Empire outside India arises, in my opinion, from a misconception of the nature of British citizenship. This misconception arises not from the fact, but from the assumption that all subjects of the King are equal, that in an Empire where there is a common king, there should be a common and equal citizenship and that all differences and distinctions in citizen's rights are wrong in principle. It is, of course, clear that the assumption is wrong. There is no common, equal British citizenship throughout the Empire. On the contrary, there is every imaginable difference. The common kingship is the binding link—it is not a source from which private citizens will derive their rights. They will derive their rights simply and solely from the authority of the state in which they live.' —*Gen. Smuts quoted by the Rt. Hon. Srinivasa Sastri.*

social, political, economic and cultural, are daily becoming closer. It is being more and more realised that in modern times the problems of mankind cannot be solved individually by nations.

Since the last Great War, there has been an outburst of an intense, insurgent and aggressive nationalism in many countries in the modern world. The spirit of nationalism is to be welcomed, if it seeks, as in India, the liberation of a people enslaved by another, since a free nation is much better able than one which is not, to contribute to the cause of international peace and amity which alone can lead to true human progress. But where this nationalism is aggressive and selfish, it is not to be encouraged.

The time has come when a man should look beyond the boundaries of his country and should feel himself a citizen of the world. An international outlook is necessary for the solution of the great problems which face civilisation to-day. It will be a mistake to think that an international outlook will be antagonistic to all national interests and aspirations. Nationalistic aims which are opposed to the good of humanity as a whole should not be cherished. A citizen of the world should look at things not only from a local or a national point of view but also from the international point of view.

The League of Nations which was established to promote international progress through international peace and goodwill has failed to realise the international ideal.

Summary

The citizen is the centre round which there are several concentric circles. *These are the family, the village, the city, the country, the empire and the world.* From each the citizen derives certain advantages in return for which he has to render certain services.

In the family, the citizen first learns obedience to authority and the sacrifice of his smaller private good to the greater good of the community of which he is a member. These are valuable lessons learnt.

In the village, the citizen has duties which he must discharge to promote the welfare of the village. These relate to village education, health, sanitation, roads and communications.

In the city, the citizen is concerned with a few additional problems of city life. These are housing, conservancy, drainage and town lighting.

As a national citizen, he has to take a broader outlook. He has to reconcile the various local interests among themselves and to subordinate them all to the higher and paramount interests of the nation.

The conception of Empire citizenship is one which is difficult and disputed.

The scope of citizenship has broadened to include within it the conception of an international citizenship such as is sought to be created through a League or Federation of Nations.

CHAPTER XII

ORGANS OF GOVERNMENT AND SEPARATION OF POWERS

The powers which the government of a country exercises may be classified generally as *legislative*, *executive* and *judicial*. In all modern states these three kinds of powers are placed in separate hands. Hence we get *the three organs of a modern state : the Legislature, the Executive* and *the Judiciary*. The business of the Legislature is mainly to lay down the law, the Executive sees that the law is carried out and the Judiciary decides as to how the law should be applied in particular cases.

A homely illustration given by Sir John Marriott will illustrate the position. Let us start with the most familiar figure, the policeman. The policeman's business is to execute or enforce the law as laid down by the legislature. In the particular instance chosen, the policeman is trying to execute traffic laws made in the interests of the safety of those who use the road. He may, after dusk, find a man riding a bicycle without a light. He stops the man and takes down his name and address or if he refuses to answer he takes the man to a police station. The man will be next brought before the magistrate who is the judge in the case.

Before the magistrate the policeman will give his version of facts and the accused may give his and the magistrate will decide between them. If he believes the policeman's story of the man's riding on a cycle without a light after dusk he will punish the man with a fine because he has violated the law. So when you do anything which goes against the interests of the community and as such is prohibited by law you are liable to be caught by the policeman who is an executive officer charged with the enforcement of the laws laid down by the legislature. It is for the judge to decide if you have really

infringed the law and if he decides against you he passes a sentence of punishment the carrying out of which again is entrusted to the executive.

The business of a modern government thus divides itself into three parts—legislative, judicial and executive. Corresponding to this separation of functions there is a division of powers among the three organs of government.

Separation of Powers

Its theory and its advantages

The theory of separation of powers is associated with Montesquieu's famous work, *The Spirit of Laws* (1748).* Montesquieu was much impressed by what he saw of the government of England. Montesquieu's thesis powerfully influenced the leaders of the French and American Revolution.

It may briefly be stated as follows. *Concentration of power and authority may lead to tyranny. In order to secure the liberty of the individual it is necessary that*

(i) *the powers, legislative, executive and judicial, should be distributed among different bodies of persons to be separately exercised by them,*

(ii) *each should be limited to its own sphere, and*

(iii) *within that sphere should be independent and supreme.*

The legislature will make the laws, the judges will interpret and the executive will enforce them.

The case was different in early times when there was no separation of powers. The old absolute monarch combined in himself all the three powers, legislative, executive and judicial. The king's word was law. The king enforced that law and punished its infringements. The king was thus the sole lawgiver, the chief executive and the sole judge.

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* "When the legislative and executive powers are united in the same persons or body, there can be no liberty, because apprehensions may arise lest the same monarch or senate should enact tyrannical laws to enforce them in a tyrannical manner . . . . Were the power of judging joined with the legislature, the life and liberty of the subject would be exposed to arbitrary control, for the judge would then be the legislator. Were it joined to the executive power, the judge might behave with all the violence of an oppressor."—Montesquieu—*The Spirit of Laws.*

Under such government the individual entirely had no real liberty because his rights were at the mercy of the king.

Not only it is unsafe to give too much power to a single individual or department, it is also detrimental *to the efficiency* of government. The main activities of a modern government are best carried on by its different organs specially created for the purpose.

Its Criticism

Complete separation of powers, however, is neither possible nor desirable. Some degree of separation of powers is, no doubt, essential to liberty* but in complete separation there is a loss of efficiency. The government is to be viewed as a whole whose organs, though generally distinct, must work in unison with one another in order to be useful and effective.

As a matter of fact, in most states the executive has a good deal of control over legislation while the legislature, on its part, exercises some control over the executive. For instance, in Great Britain, the Cabinet, whose members are the executive heads of departments, largely directs the course of legislation, while the check of the legislature over the executive in the conduct of the administration is not small.

Further, though in theory all the departments are equal, they are not so in reality. "In all governments the legislative department is, in fact, the most powerful of the three and the judiciary the weakest." —*Garner.*

In a democracy the real check is public opinion, alert and vigilant, and not the mere mechanical checks suggested by Montesquieu.

Separation of powers in India

In India, in theory, there is a separation of powers but, *in practice, there is no separation of powers. The executive retains a large amount of law-making powers and also large judicial powers. In India we have a concentration of all authority, executive, legislative and judicial, in the hands of one single body, the Executive.*

The legislatures of India are in many cases subject to the authority of the executive which retains considerable overriding powers. The certifying and the vetoing powers of the Indian executive are real and they are often exercised.

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* Prof. Laski approvingly quotes Madison's remark, 'the accumulation of all powers . . . in the same hands . . . may justly be pronounced the very definition of tyranny.'—*A Grammar of Politics,* p. 297.

Further, the executive can virtually punish a person without having recourse to the ordinary process of law. Also, judicial powers are actually combined with executive powers in the same person in India, *e.g.*, in the District Officer who is the chief executive officer as well as the magistrate in a district. 'To be tried by a man who is at once the judge and prosecutor is too glaring an injustice'. When the functions of a policeman, a magistrate and a judge are all united in the same officer it is vain to look for justice—said Sir Richard Garth, once Chief Justice of Bengal.

There can be no subject which is more urgent or which deserves more earnest attention than the proposal to improve the administration of justice in India and to cure it of the defects which are inseparable from the present system.

The judge in India should be made independent of the control and influence of the executive and the legislatures must also be freed from executive dominance and interference to make liberty real for the people.

The Legislature

The legislature is the most important organ of the state. 'In general . . . the powers both of executive and judiciary find their limits in the declared will of the legislative organ'.—*Laski. Through it the will of the state is expressed.* The legislature is to make the laws, discuss bills for this purpose, to control finances and discuss budgets with this object. It also controls the executive in parliamentary governments and discusses the policy and administration of the executive for this end—in fact, there it virtually chooses the executive which holds office at its will. In most states the legislature has the power to impeach the executive and to dismiss the judges for misconduct. *The legislature is thus not only the law-making organ, it is also the critic and the policy-forming organ.*

Constitution of the Legislature

The legislatures may be either unicameral, i.e., composed of one house, or bicameral, i.e., composed of two houses. Most modern states have two chambers, one called *the upper or second chamber* and *the other, the lower chamber or the lower house.* The lower house is always elected and is almost everywhere by far the more powerful of the two; it is the final and in some states the sole authority in all matters relating to taxation and expenditure. The upper house may be constituted on a hereditary basis as is largely the case in Great Britain and Japan. It may also contain members appointed for life as in Canada. But in most

modern states the upper house is elected though on a more restricted franchise and for a longer term than is the case with the lower house. Higher age and other qualifications are also prescribed for the members of the second chamber.

Advantages of the Second Chamber—The second chamber acts as *a check on hasty, ill-considered legislation of the lower house.* It is often called *the chamber of statesmen* because its members are more aged, more conservative and experienced than those of the other house. The second chamber should not thwart the will of the lower chamber; *its chief functions are those of delay and revision.* By sending back measures for reconsideration it allows passions to cool down and dispassionate judgment to prevail.

Disadvantages of the Second Chamber—*"If a second chamber is in agreement with the first, it is superfluous, and if it is not in agreement with it, it is pernicious,"* said *Abbé Siéyés and* the remark still holds true to a considerable extent. Being representative of conservative elements, the second chamber often identifies itself with the interests of the propertied classes and is opposed to all progressive parties and liberal measures. *Its existence is thus hostile to the interests of democracy and of the working classes.*

Prof. Laski, a strong critic of the bicameral system, points out that the argument that a second chamber works as a check upon the rashness of a single elected assembly has no validity in fact. He points out that legislation in modern times 'does not suddenly, as out of a clear sky, find its way to the statute book. Almost any measure that is enacted becomes law as the result of a long process of discussion and analysis', so that the importance of the second chamber as exercising a check on hasty legislation is greatly lessened by the modern conditions of politics.

In *India* the history of the second chamber (Council of State) has not been such as to encourage lovers of democracy. It has consistently ranged itself against democracy and progress. Under the coming reforms the proposed constitution of the federal upper house will make it the stronghold of *the forces of reaction and conservatism as represented by the princes and landlords.* Also, in Bengal, Bombay, Madras, Assam, the U. P. and Behar, provincial second chambers give the propertied and conservative interests an undue influence in legislation.

The Executive

The executive executes or puts into effect the will of the state. The function of the executive is to govern, to administer and to manage the departments.

Constitution of the Executive

The executive consists of the King (or the President) and the ministers together with the whole body of officials engaged in administration. Of the higher executive the President is always elected as the king is almost always hereditary. The ministers are generally appointed by the King (or the President) from the body of elected members of the legislature. The lower or the permanent executive consists of persons who are appointed by official heads or by a special appointing body such as Public Services Commission. Though administration is its proper function the executive has close relations with the legislature and the judiciary and exercises some legislative and judicial power. It summons, prorogues and dissolves the legislature; signs or vetoes, as the case may be, measures passed by the legislature and promulgates them; makes law by issuing rules and decrees in a manner laid down by the constitution; and recommends or directs the course of legislation in the legislature. It also appoints judges, takes disciplinary action and sometimes court-martials its own officers and has the power of granting reprieves or pardons to persons convicted by the courts.

The executive is organised in several departments. Over the executive as a whole stands the President or the Chief Minister. Each department is in charge of a separate minister under whom there is the permanent head of the department. The chief departments are: (1) Defence or War Office in charge of the Army, the Navy and the Air Force; (2) Foreign Office in charge of Foreign Affairs; (3) Home Department or Department of the Interior in charge of law and order, police, prisons, etc.; (4) Finance Department which keeps and in a sense controls the nation's purse; (5) Education Department; (6) Industries and Labour; and (7) Communications. Other departments are Agriculture, Public Health, Commerce, Transport, etc.

Bureaucracy and Permanent Civil Service. *There are two types of administration, democratic and bureaucratic. Democracy is more responsive* to the needs and desires of the people and is conducive to progress. Imagination and enthusiasm are the key-notes of democracy but it often leads to inefficiency, waste and dangerous innovations. *Bureaucracy, on the other hand, is unimaginative and routine-bound;* but as it works according to experience and tradition it is remarkably efficient in the conduct of day-to-day administration. *In modern democracies the executive is organised partly on a democratic and partly on a bureaucratic basis.* The President or the Ministry represents the democratic element, going in and out of office according to the change of public opinion. But *the day-to-day administration is left in the hands*

of the permanent civil service which represents the bureaucratic element. The permanent civil service consists of a trained body of experts possessing a high degree of knowledge, skill and ability and recruited mostly by competitive examinations. So great is the power and efficiency of the permanent civil service that a democracy like Great Britain is often called a masked bureaucracy. In India the influence of the permanent civil service is infinitely greater.

The importance of an efficient and incorruptible permanent civil service cannot be over-emphasised but it should not be allowed to dictate in matters of policy. The power of determining the policy of the state should be vested in persons elected by and responsible to the people. The people must be allowed to say what they want and then it should be the business of the executive to supply those wants efficiently and cheaply. Therein consists the essence of democratic or responsible government. *In India the bureaucracy is efficient; but up till now it was irresponsible,* and was in charge of the policy of the government as well as of the day-to-day administration. The absence of a responsible executive has been at the root of *the principal evils of bureaucratic government in India,* viz., *red-tapism, lack of sympathy and imagination, short-sightedness, unresponsiveness to the people's needs and desires.* The establishment of responsible government will remedy these evils to a great extent.

The Judiciary

The function of the judiciary is to find out the laws from various sources, to interpret those laws and to apply them to individual cases. The judge has to administer justice by punishing offenders in criminal cases and adjudicating rights in civil disputes. He has to hold the scales of justice even not only between man and man but also between man and the state.

It frequently happens that the judge has to interpret laws which are not quite explicit and then he is guided by custom, usage, and the general principles of justice and morality. The judge becomes, for that case at least, a creator of law and so we have *judge-made* laws which together with equity form a considerable part of our jurisprudence.

Judges should be thoroughly trained in law and should be absolutely impartial.

To secure the impartiality of the judges, judges should be made independent of both the executive and the legislature. This *independence of the judiciary* is secured by an adequate salary and permanent tenure and by making them practically irremovable during their term

of office, liable only to be removed or recalled for very special reasons. The appointment of judges should be on the basis of merit and capacity and should not be influenced by party, communal or political considerations.

Summary

If the governmental powers are concentrated in a single authority, they may be abused, a tyranny set up and liberty endangered. Hence the need felt for a separation of powers among different organs of government each of which would act as a check on the others.

The organs of government are (1) *the Legislature,* (2) *the Executive,* and (3) the *Judiciary.* Of these three, the Legislature is generally the strongest and the Judiciary the weakest.

CHAPTER XIII

FUNCTIONS OF GOVERNMENT

Before we proceed to classify and enumerate the functions of modern governments we should briefly examine the different theories regarding them, because people are not unanimous as to *what should be the ideal of the state and the proper sphere of government.*

This question is of great practical importance because *it deals with the activities of the state which in modern times embrace almost every aspect of our life.* The question ultimately resolves itself into: *where and how far is the state justified in exercising a control over the acts of individuals?* It is, therefore, for their own sake that individuals should have a clear idea about the proper scope of governmental activities.

Properly speaking, there are only two theories regarding this matter—the *individualistic* and the *socialistic.* According to the individualistic theory, the sphere of state activity should be restricted to the narrowest possible limits and the individual should be free to develop in his own way, while the socialist, at the other extreme, holds that the scope of governmental action should be enlarged so as to include all those things which, directly or even indirectly, concern the welfare, including the economic welfare, of society.

1. The Anarchist Theory

Before we enter into a detailed discussion of the two theories mentioned above, we should take note of another view, namely, the anarchist view, though strictly speaking, it has no place in a discussion of the functions of the state because to the anarchist the state is an unmitigated evil which should be altogether done away with.

But the consideration, at this point, of the anarchist theory may be justified on the ground that *the anarchist view is an extreme form*

of the individualistic theory. Individualism and anarchism both consider all restraint as essentially evil. *While individualism admits the necessity of some restraint* and, therefore, the necessity of the state, *anarchism holds that all restraint based on physical force is evil and that the state is a wholly unnecessary evil.*

Anarchism means *'no rule.'* Anarchism aims at a society in which every individual will be ruled by himself and by associations to which he owes purely voluntary allegiance and nobody will be ruled by force by any outside authority. *The anarchist looks upon government as an enemy of liberty.*

He argues that government is and has always been carried on in the interests of the privileged few and the state is based essentially on the principles of coercion and compulsion which will be unknown in an anarchical society. *It is only in the unrestricted freedom of anarchical society that the full and harmonious development of the individual as well as of society is possible.*

The anarchist arguments which seek to prove that all restraint is evil and that the state is an unnecessary evil, are about the same as those advanced by individualists. These will be stated and examined as we consider the individualistic theory.

Value of the anarchist theory

In the meantime, let us point out the value of the anarchist theory as stated by Prof. Jethro Brown :

(a) The anarchist makes a just criticism of the existing conditions in society, though the remedies he suggests may not be the real remedies.

(b) The anarchist has very properly laid emphasis on the individual's right of self-rule.

(c) The anarchist challenge has rendered a great service to the community by stressing the importance of a critical examination of the nature and authority of the state.

(d) The anarchist believes that most of the activities and duties enforced by the state by means of the police and the military could have been done better if left to the free will of the individual.

II. The individualistic theory or the doctrine of laissez-faire

Laissez-faire (Fr.) means *"let alone"*.

Like the anarchist, the individualist regards all restraint as an evil and every extension of the power of the state as so

much taken away from the domain of individual liberty. But unlike the anarchist, he admits that the State is a necessity because if it did not exist, the inherent selfishness of man would lead him to disregard the rights of others. According to the individualist, the power of the state should, however, be exercised only to the extent of maintaining peace, order and security and no further.

The individualist is opposed to state measures like factory laws, state education, state relief to the poor, the aged, and the unemployed. *The state "should be nothing more than a police organisation to enforce contracts, keep the peace and punish crime ; and when this is done, its functions are exhausted".*

Arguments in favour of individualism

(*a*) "The true end of man is the highest and most harmonious development of his powers to a complete and consistent whole". An excess of government puts a serious check on such development of the individual. Such excess "superinduces national uniformity" and tends to *"reduce society to a dead level." It crushes out originality* and weakens individual character.

(*b*) Individualism rests on scientific grounds, because it is in harmony with the theory of evolution. Leaving the field of competition open to all *it leads to the survival of the fittest.*

(*c*) The theory is true because it holds that *man universally seeks self-interest and is himself the best person to know in what his self-interest lies.*

(*d*) It is contended by the individualist that *his theory is based on sound economic principles. The policy of non-interference* with the conduct of industry *will lead to the best economic results.* If competition is unrestricted, production will be on more economic lines, wages will be kept at a normal level and the quality of production will improve.

(*e*) Lastly, *it is wrong to suppose that the state is omniscient or infallible.* It is no better than the individuals who

compose it and it can never be a better judge than the individuals themselves of the latter's needs and requirements.

Criticism of the individualistic theory

Individualism as a creed is dead and there is no society today based on pure individualism.

The theory of individualism is open to criticism on the following grounds:

(*a*) It is wrong on the part of the individualist to assume that the state is essentially an evil. History proves that *state regulation has helped and not retarded the progress of human civilisation.*

(*b*) The view of the individualist that the state exists only to restrain is incorrect. With the increasing complexity of modern civilisation arises the increasing necessity of state regulation and state management. Problems of modern life have assumed such proportions that they can hardly be solved except by a central and co-ordinating authority like the state. The individualist has erred in exaggerating the evils of state regulation and in minimising its advantages.

(*c*) The individualist has a mistaken notion of liberty inasmuch as he thinks that the state is hostile to liberty. Government and liberty are not opposed to each other. On the other hand, *"wisely organised and properly directed state action not only enlarges the moral, physical and intellectual capacities of individuals, but increases their liberty of action by removing obstacles placed in their way by the strong and self-seeking."*

(*d*) Further, restraint is not always an evil. The formation of character needs discipline and restraint as well as freedom. The individualist has wrongly exaggerated the importance of the individual at the expense of society.

(*e*) And, it is not always even true to say that each individual knows his own interests better than the state can know them. For example, in matters of sanitation, education

and child labour, the state understands the interests of an individual better than he does himself.

(*f*) In the economic sphere freedom is often restricted by monopolies and so state action becomes imperative in the interests of society. Without the aid of the state the poor cannot enjoy equality of opportunity with the rich.

(*g*) The growing complexity of the world and the interdependence of the nations tend to make state control necessary over a larger field. Without state aid in the form of protective duties, bounties, subsidies, anti-dumping laws, etc., the industries of a nation would not be able to hold for a day against foreign competition.

III. The socialist theory

Directly opposed to the individualistic theory of state functions is *the socialistic theory which wants a maximum of government interference in the affairs of men.*

Arguments in favour of socialism

(*a*) The socialists, unlike the individualists, fully trust *the state* and look upon it as *the depository of their supreme good* and, therefore, they want the state to promote the collective interests of the people in as many ways as it can. They consider the present distribution of property as inequitable and urge that there should be a re-distribution on a juster basis.

(*b*) The socialists argue that *socialism is founded on principles of justice.* According to them, the land and the mines which are free gifts of nature should be owned in common by the people and should not belong, as at present, to the few. The landlord has no more exclusive right to them than he has to air, sunlight, and the blue sky.

(*c*) Socialists also want to nationalise the instruments of production and also the public utility services. Factories, railways, telephones, water-works, etc. should be owned and worked by the state on behalf of the people.

In other words, the socialist wants to end the present system of economic organisation, the system which allows the capitalist to enjoy the fruits of the toil of the labourers. The labourer who is the real producer gets too little whereas by far the largest share of the income goes to the capitalist, to the speculator and to the middleman.

(d) The present system helps the rich to grow richer and makes the poor poorer. It has thus led to grave social evils born of inequalities in wealth and opportunity. The masses are continuously exploited. *The state, as the guardian of the masses and the repository of the interests of all, should protect the majority from the tyranny of the capitalist minority.*

Criticism of the socialist theory

The arguments advanced against the socialistic view of the functions of the state are chiefly these :

(*a*) *Socialism destroys the incentive to labour.* People would not feel inclined to work hard if they are not allowed to acquire and accumulate property. Human effort will slacken and all progress will be arrested. The principle that underlies socialism is that "the able, the industrious, and the provident should share with the stupid, the idle, the improvident whatever may be obtained as the reward of their energy and virtue."

(*b*) The socialist also errs in his over-estimation of the state's capacity and efficiency. *It would be impossible for the state to discharge efficiently all the different functions which the socialist would like to entrust it with.*

(*c*) Further, socialism will bring deterioration in individual character because individual enterprise willl be killed by the state regulating everything.

Conclusion

The conclusion that we can draw from our survey of the individualistic and socialistic theories is that neither is wholly correct but both contain elements of truth.

The changed outlook

The outlook has changed with a realisation of the comprehensive duties of a modern government and of the impossibility of *laissez-faire*. The controversy is no longer of practical importance because no government is purely individualistic to-day.

An application of the doctrine of *laissez-faire* would be out of the question in any modern state ; likewise, *complete socialism* or *communism* is not yet the goal in all states. The truth is that "it is impossible to draw the boundary line between legitimate and illegitimate state interference because it is a line which must change with the altered conditions and needs of society."

The state no longer the mere policeman

At a barbarous stage of society the only duty of the state was perhaps that of the policeman but with the growth of civilisation the scope of its activity has been enlarged. *The state is justified to intervene when the purpose of such intervention is the furtherance of the common good.*

The idea of the *police state* has given place to the conception of the *culture state.**

*** The different forms of socialism**

There are many forms of socialism, such as *State Socialism*, *Guild Socialism*, *Syndicalism* and *Communism*. The two chief forms are—

(*a*) *State Socialism* or *Social Democracy*. State socialism is evolutionary socialism and implies peaceful, gradual and ultimate control by the nation of the factors of production, *e.g.*, land, mines, factories, transport, banking with a view to just and equal distribution of wealth and income in society. State socialists are most active in England.

(*b*) *Communism*. Communism, on the other hand, is critical of the methods of state socialism and doubtful of its ultimate success. Communism is an extreme form of socialism and believes in the necessity of forcing a revolution to secure the victory of the working classes. The Communist State, of which the Soviet Union is the only and outstanding example, is a classless state of the working people where production is common, enjoyment is common, and property is common. The Communist ideal is *from each according to his ability, to each according to his needs.*

Extension and rapid advance of Socialism

As a matter of fact, all modern states at present undertake work which, from a strictly individualistic point of view, would be outside their proper sphere. For instance, the British Old Age Pensions Act, Employers' Liability and Workmen's Compensation Acts, Acts relating to housing, health and factory conditions all testify to the advance of socialism in Great Britain. The recent National Emergency legislation passed by Parliament in England places all persons and property at the disposal of the State. That represents another triumph of socialism in Britain. Socialistic legislation is also to be met with abundantly in France and in Germany. In India also our labour legslation is distinctly socialistic. Also, railways, trunk telephones and telegraphs which are owned and managed by the state in India are instances of socialistic state enterprise. As regards public utility services, many of them are now owned and managed by municipal corporations.

The individualist was right in so far as he emphasised the importance of individuality but *the best way to help the development of individuality in a highly complex society such as ours would be not to leave the individuals alone because in that case the more powerful few would crush the weaker many.*

Further, there are certain kinds of work which cannot be done or at least cannot be done well by private enterprise. Here also the state should step in.

Countries other than the Soviet Union, with the exception of Mexico, have not adopted socialist policies so far. But State control and State initiative in economics have become more usual and familiar in many countries today. 'These things are sometimes termed, somewhat indefinitely, *"State Capitalism."* They point to the gradual development of elements of organised economic life within capitalist society and most Socialists believe they mark a preliminary stage to actual socialism.'

The influence of the communist ideal is spreading over Europe and Asia and besides Russia, is most active now in China, Tibet and Central Asia.

Social and cultural welfare of the citizens is becoming ever-increasingly a concern as much of the state as of the citizens themselves. *The state,* which should be nothing more than a policeman according to the old individualistic view, *considers itself to-day more and more a promoter of citizen's welfare as well as a guardian of their interests.* The state to-day should look after the moral, economic and political well-being of the citizens. *Social, economic and political reforms are, therefore, well within the scope of a modern state.*

Classification of Functions of Government

We have discussed before the different theories about state functions. We shall now classify and enumerate them. The functions of government have been divided mainly into two classes. *First,* there are those which must be discharged if the state is to exist at all. These are called *fundamental* or *essential functions.* Woodrow Wilson has called them *constituent functions.* And, *secondly,* there are those functions which are known as *non-essential* or *ministrant* functions.

The constituent or essential functions

These comprise (1) *the preservation of external security and* (2) *the maintenance of domestic peace and order. These are the original and primary functions of the state.* Every state must discharge them in order to justify its existence.

Preservation of external security

External security means security from external danger either of a military invasion or of encroachment upon international rights. The state should, therefore, be in a fit condition to defend itself against foreign attacks. For this purpose it maintains a standing army, a navy and an air force and can call upon its citizens to take up arms and to fight in defence of the state. In times of peace too, the state has to deal with foreign powers and look after its international interests.

External security is maintained not merely by a powerful army, navy or air force. It also depends, and that in an important manner, on a wise public policy at home and abroad.

Maintenance of internal peace and order

Every government should aim at securing peace and order within the country. There can be no progress of any kind unless there is peace and order in the country. It is, therefore, as much the duty of the government to make adequate arrangements for the maintenance of peace and order as it is the duty of citizens to co-operate with the government in such work.

The state *in the capitalist order* has to make provision for the protection of life and property. There would be no use living in a state if life and property were not secure. The state has, therefore, to keep a police organisation to prevent and detect crimes. It has also to dispense criminal justice in order to punish crimes. Property is protected not merely from violence but also from other kinds of encroachment and interference. The state has, therefore, to administer justice in civil cases, to secure to each member of the state the peaceful and undisturbed enjoyment of what belongs to him.

The non-essential or ministrant functions

The ministrant functions *are not indispensable to the state.* Yet the Socialist state undertakes these functions on grounds of social utility. These are activities which have, for their object, the promotion of the moral and material welfare of the people.

Such functions are assumed by the state because it is felt that if left to private individuals they would either be not done at all or not done so well.

The non-essential or the ministrant functions of the state have varied from one state to another according to the varying needs of different countries. The most important among the non-essential functions of a modern state are placed under the following heads:

1. Regulation of Industry and Trade

The state has to look after the coinage of money, standards of weights and measures, and trade licences. It has to deal with the tariff question which arises in connection with the duties on the export and import of goods. It has also to regulate the conditions of work in factories. The enormous increase in labour and factory legislation in all modern states testifies to the importance which this matter has assumed in recent years.

2. Maintenance of Public Utility Services

There has been a growing tendency everywhere towards bringing the public utility services more and more under state control. Not only the postal and telegraph systems, but railways, tramways, and telephones are considered proper objects of state control. The control of the supply of water, gas and electricity is being gradually wrested from private hands.

3. Public Health, Sanitation and Medical Relief

It is increasingly becoming the duty of the state to look after the health of its members. Health and Sanitation engage the attention of all modern states. Hospitals and dispensaries are maintained to give medical relief to citizens. The state looks after medical instruction and supports medical research institutes.

4. Education

The state has to look not only after the material well-being of its members but also after their moral and intellectual welfare. The state, to-day, has, therefore, to provide for the education of all its members.

5. Care of the poor, the aged and the infirm

Since the state is responsible for the good of society as a whole, it is the duty of the State to make due provision for the poor, the aged and the infirm. The problem of poverty is to be solved largely by the state. As long as poverty lasts it will be the duty of the state to see that the poor do not perish merely

because of their poverty. The state has further to look after the aged and those who are physically unfit to support themselves by work. In some of the modern states old age pensions are given, and alms houses and asylums are maintained by the state.

Summary

The two theories regarding the functions of government are :

(1) the individualist, which wants the minimum state interference and which would have the state only as the policeman and in no other role, and

(2) the socialist, which, on the other hand, wants the maximum of government because the state is the depository of the supreme good of the people

The state, in these days, must act as the guardian and the protector of the masses who suffer in the individualist regime. It must also seek to promote the welfare of the people in as many ways as it can. Social, political, and economic reforms are, therefore, well within the scope of government to-day.

The functions of government have been classified into (1) constituent or essential, *e.g.*, *preservation of external security and maintenance of domestic peace and order,* and (2) non-essential or ministrant, *e.g.*, *regulation of industry, health, education, poor relief and public utility services.*

CHAPTER XIV

FORMS OF GOVERNMENT

Aristotle's classification

Governments are classified by Aristotle, according to the number of persons who exercise the supreme power within the state, and the ends they serve. If the supreme powei is vested in one single person it is a *monarchy*, if power is vested in a few it is an *aristocracy* and if it is vested in the many it is a *polity*.

When this power was used selfishly, the monarchy was perverted into a *tyranny*, aristocracy into *oligarchy* and polity degenerated into *mob-rule or democracy*. *The perverted forms*, were, thus according to Aristotle, *tyranny*, *oligarchy* and *democracy*.

Aristotle considered Monarchy, Aristocracy and Democracy (Ochlocracy) the three standard forms of government. The first he defined as the rule of the One, the second as the rule of the Few, the third as the rule of the Many. Against this standard and, so to say, *healthful* forms which ruled in the interests of the community he set their degenerate types which ruled in the interests of the ruling class only. Tyranny he conceived to be the degenerate shape of Monarchy, Oligarchy as the degenerate shape of Aristocracy, and Anarchy (or mob-rule) the degenerate shape of Democracy.—Woodrow Wilson.

Governments: autocratic and democratic

Governments were usually classified till recently as either *autocratic* or *democratic*.

When power was vested in a single ruler or head who controlled, directed and managed the state it was known as an autocracy. Autocracy, in the old sense, is getting rare with the advance of democracy. The only modern instance of autocracy is perhaps furnished by an oriental despotism such as we had in Afghanistan.

When, on the other hand, power in the state is vested in the people who ultimately direct, control and manage it, whatever may be the form, it is a democracy. The American Republic and the British monarchy are instances of democratic governments for, in both, the government is by the people. Democracy to-day means popular government and not the mob-rule of Aristotle.

A. Monarchy

When the supreme governing authority is vested in a single person the government is a monarchy. The office of the monarch is a hereditary one, though some of the ancient kings, *e.g.*, the kings of Rome, were elected. A king may be elected even in modern times. Nadir Khan, the late king of Afghanistan, was an elected king. But the king's hereditary right to the throne is one of the most important characteristics of a monarchy. Indeed, but for this characteristic, hardly any line of demarcation could be drawn between the Presidents of republics and some of the modern monarchs.

Monarchies have been divided into (a) *absolute, arbitrary* or *despotic* monarchies and (b) *constitutional, parliamentary* or *limited monarchies.*

Monarchy: Absolute and Limited

(a) Absolute Monarchy

In an absolute monarchy or autocracy the will of the monarch ultimately prevails in all matters of government. His powers are limited by no will except his own. The typical absolute monarch was Louis XIV of France whose famous boast *L' état, c'est moi* (*I* am the state) forcefully described the position of an absolute monarch. *Absolute monarchy, however, is a thing of the past so far as at least the states of the civilised world are concerned. Its last vestige disappeared with the passing away of the Czar of Russia, the Kaiser of Germany and the Sultan of Turkey.*

There have been many benevolent autocrats, for instance, Asoka, Akbar, Peter the Great, who have conferred great benefits on the people. *But a good monarch may not leave his throne to a good son.* A good monarch is, on the other hand, often succeeded by a bad and inefficient one.

Even benevolent autocracy is objectionable because it destroys freedom and initiative and degrades the character of the people.

(b) Limited Monarchy or Constitutional Monarchy

It is one in which the powers of the monarch are limited by the ultimate political control of the people or by the laws of the constitution of the state. Sometimes these constitutions have been promulgated by the ruler himself by a voluntary surrender of his powers and privileges. Sometimes they have been forced upon him by successful revolutions. The British King is a constitutional monarch who reigns but does not govern.

Monarchy, as a form of government, stands on the defensive and has been replaced in most countries today by either democracy or dictatorship.

B. Aristocracy

When supreme authority is vested in a small group of persons the form of government is said to be aristocratic. Aristocracy is government by the few. *Aristos,* in Greek, *means the best* and *kratos means power.* So the ancient Greeks conceived Aristocracy to be an excellent form of government since it was the government by the best and the wisest who were naturally few in the state. Carlyle also said that it is the everlasting privilege of the foolish to be governed by the wise. It is, however, difficult to ensure that those in power will always be good and wise.

Aristocracy degenerates into oligarchy when the few in whom power is vested use that power in furthering their own selfish interests.

Aristocracy may be based on virtue, wealth, birth or military organisation.

'The difficulties of aristocracy are (*a*) the impossibility of obtaining a wise and just principle for the selection of the rulers and (*b*) the impossibility of maintaining adequate safeguards to ensure that the few will rule in the interests of all and not for their selfish advantage.'

C. Democracy

Demos, in Greek, *means the people.* Democracy would, therefore, mean government by the people. Abraham Lincoln defined Democracy as *"government of the people, by the people, for the people."*

In the ancient Greek states there were slaves who had no political rights. So democracy of the Greeks meant government by the many rather than by all. *The modern conception of democracy is of "a government in which everyone has a share."* This definition, however, applies only to the democratic ideal and not to democracy as we actually find it in most states. The basis of democracy is political equality.

There are still many governments which are known as democratic but under which *not all* the people enjoy full political rights. Probably there has never been a real democracy anywhere in the world. Participation by citizens in their government has been limited by *age, sex, property* and *education.* The tendency in all politically advanced countries, however, is towards *political equality* and *universal adult suffrage* (votes for all adult persons). Under a fully democratic government *everyone should have the right to vote, to sit in the legislature and to hold office.*

Democracy may be (a) *pure or direct,* and (b) *representative or indirect.*

(a) Pure or Direct Democracy

Where the will of the state is expressed or formulated directly in a mass meeting of the entire people living in the state, democracy is said to exist in a pure form. Pure Democracy is to be found in some of the smaller Cantons of Switzerland where the people assemble together to pass laws, sanction taxes, grant moneys and elect officers of the state. The best known of the pure democracies was ancient Athens where the citizens participated in the assembly and in the courts, and in which most of them held public office at frequent intervals.

Direct democracy was possible in the city states of ancient Greece because those states were small and, further, because Greek citizens were free to devote as much of their time as they liked to politics while their slaves did the menial work.

(b) Indirect or Representative Democracy

Pure democracy is impossible in the large states of to-day because of the great size of the population which would make it impossible for all the people to meet conveniently together in order to formulate their will regarding every important item of government business ; and even if they could so meet, such a meeting of an entire people would be hardly competent to deal with the highly complicated business of a modern government.

In all modern states we have indirect or representative democracy. Since it is impossible for the entire people to be present together and to have a direct share in the work of government they choose representatives for the purpose. Where the representatives meet for the transaction of government affairs the entire body of people is presumed to be present by proxy. In a representative democracy the supreme authority is regarded as being vested in the people although it is actually exercised on their behalf by their representatives.

Representative government is the best form of government

It is generally admitted to-day that representative government is under modern conditions the best form of government. Pure democracy is impossible in any modern state in view of its large area and population, while aristocracy and monarchy are incapable of achieving the best ends of the state. As *Mill* contended, *the criteria of good government are two,* viz., *first,* how far it preserves the amount of good already present in society and, *secondly,* how far it enhances its future good. In his view, representative government eminently fulfils both the conditions.

Modern thinkers like Bryce and Laski also acknowledge the superiority of representative democracy over all other forms of government. *Bryce thinks that it heightens the moral stature of men* by the responsibility it thrusts upon them. Laski says the same thing : *"It increases initiative by widening the sense of responsibility."* In short,

representative government improves the quality of men by rousing in them a political consciousness. To quote Laski again :—". . . . . there is no other system which has the same merit of meeting, as an institutional scheme, the theoretical end that the state must serve." (*An Introduction to Politics*).

It must be noted, however, that the essential virtue of representative government rests upon its being truly representative. *There may be all the appearances of a representative government in a country like British India, but without an adequate basis of franchise and without due provision for the representation of minorities true representative government cannot be said to exist.* In British India the vote or the franchise which has been extended under the new constitution does not yet exceed 14 per cent of the total population. Mill thought that nothing but a false show of democracy is possible without the representation of minorities. But over-emphasis on minority representation in India has led to the superression of national interests by communal interests.

Further, in a true representative government there is no place for men who are not elected representatives of the people. The presence of nominated members in the Indian Legislature hinders the growth of representative government in India.

Modern Classification of States—more Recent Forms of Government

The above-mentioned classification is of little value at the present day because it does not help us to understand the real character of modern governments. According to it, England is a monarchy but so were Russia and Turkey before the last War. But what a great difference between them ! The British government is democratic in reality though it is monarchical in form. The power in Britain lies, *only in name,* with the King, but, *in reality, it lies with the people.* The name, therefore, may not signify much.

In view of the great changes now taking place, interest in the traditional classification is today chiefly of historical value.

D. Dictatorship

The tendency to emphasise efficiency in government has resulted in a number of dictatorships. The dictatorship may

keep the form of representative government, but the effective control and direction of policy lies in the hands of one man, the dictator, with a few trusted advisers. The dictator comes into power either by a coup d'état or by election.

Post-war conditions in Europe favoured the establishment of a dictatorship in Italy, that of Mussolini, and also a dictatorship* in Germany, that of Hitler.

The rise of dictators has been due to ignorant and inefficient management of government in a democracy by unscrupulous demagogues and selfish party bosses. It has also been due to the inability of the average citizen to take his share of responsibility in the government.

The dictatorship differs from monarchy in that the dictator is not a hereditary ruler. The dictator differs from a tyrant by the differences in his purposes and methods. He may be as despotic as a tyrant but may be entirely unselfish. Dictatorship differs from democracy in that it is the rule of one, not by the many; and this rule is based on force, not on consent.

Both economic stress and the stress of war tend to foster dictatorship because of its vastly superior efficiency in war and economic organisation.

Some useful present-day classifications are given below:

1. Cabinet and Presidential Forms of Government

The words *'cabinet'* and *'presidential'* have been borrowed from the titles of (a) the executive in England, *i.e., the cabinet*, and of (b) the executive in the United States of America, *i.e., the president*. The classification has been made on the basis

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* *Dictatorships* are marked by vigour, efficiency, and quick, decisive action but, being based on force, exalt force and, sooner or later, lead to wars. A *monarchy* and a *republic* may equally be brought under the control of dictators (*e.g., Italy under Mussolini* and *Germany under Hitler.*)

Dictatorships have been criticised by lovers of freedom and democracy as destructive of the spirit of liberty and progress.

of the principles governing the relations between the executive and the legislature of a country.

(a) Cabinet Government

The cabinet form of government is a government by a committee of the legislature. Cabinet government in Britain means that the control of administration is vested in (1) a ministry which is (2) a committee of Parliament, (3) chosen from among the members of the party or parties dominant, (4) meeting in secret, and (5) owing a direct and collective responsibility to the House of Commons, and holding office only so long as the Cabinet has a majority in the House or has its confidence.

In Britain the cabinet is the real executive. The king is the nominal head. It is the cabinet which carries on the government in the king's name.

Only the ministers having the more important portfolios in their charge go to form the cabinet. The ministers being, at the same time, members of the legislature, and heads of the administrative departments, the legislative and executive functions are, to a large extent, combined. The cabinet not only conducts the administration but also directs the course of legislation. Cabinet government is the most successful as also the most efficient form of democratic government. Harmony between the executive and the legislature and effective ministerial responsibility are its chief virtues. On the other hand, it concentrates too much power in the hands of a few party leaders who form the cabinet and reduces parliament to impotence.

Cabinet government is also known as **responsible government** to emphasise the responsibility of the executive to the legislature by whom it is controlled.

It is also known as **parliamentary government** to emphasise the control and influence of Parliament, the Legislature,

in the government of the land. From England this system has spread to the greater part of the civilised world.

The British cabinet government has been wholly copied in the British Dominions where the relations between the executives and the legislatures are very much similar to those obtaining in England.

In Germany, Italy, Spain and France the parliamentary system has failed giving rise to 'dictatorships'.

Responsible government (or parliamentary government) has been introduced in India by the new Reforms although it is much qualified by the reservations and safeguards. Under the Montford Reforms responsible government or ministerial responsibility to the legislature existed partially in India. Only in the provinces and that merely in relation to the transferred subjects, responsibility of the ministers to the legislatures for their administration was enjoyed and secured. There was no responsible government at the centre, nor in the provinces for the administration of reserved subjects.

(b) Presidential Government

In contrast to the British system of cabinet government we have the American system of government known as the presidential government.

The presidential form of government is government by a single executive, the President of the Republic.

It has *two fundamental features* which distinguish it from the cabinet government. One of these features is the freedom of the President from control by the American legislature, the Congress (*i.e.*, the executive is not under the control of the legislature, unlike the British system). Hence the government is known as the *presidential type of government*. The other feature is the freedom of the Congress from the control of the executive. Hence the government is also sometimes described as *'congressional government'*.

In the American system of government there is thus a complete separation of powers and functions.*

The President is not a member of the legislature and, unlike the British Cabinet, is independent of it. The ministers who administer the State departments are appointed by the President and are his subordinates. They are neither members of the legislature, nor subject to it. The executive head, *e.g.*, the President of the United States of America, is elected to his office directly by the American citizens to whom alone he is supposed to be responsible. He is politically irresponsible to the legislature, although he may be impeached for certain crimes and, if convicted, removed from office.

2. Unitary and Federal Government

Where the principle of classification is *the concentration or distribution* of power, governments are classified into (a) *unitary* and (b) *federal.*

(a) Unitary Government

A government is called unitary when all governmental powers "are concentrated in one supreme organ or organs located at one common centre".

Unitary government implies single government and centralised government.

When the area is large and therefore difficult to govern from a single centre there may be local governments in local areas but all such governments derive their authority from the central government which is the only government. The local governments are the mere creations of the central government and enjoy powers delegated to them by the central government.

* The American judiciary is independent of both the executive and the legislature, as these latter also are, within their own spheres, independent. Their *respective powers* are derived from the American Constitution.

The British Government is a unitary government, and the whole of Great Britain is governed from the seat of the government at Westminster in London. Other instances are France, Italy and Japan.

(b) Federal Government

Federal government, as distinguished from unitary government, is a system in which the sphere of government is divided by the constitution which also distributes the powers and functions between a government at the centre and the governments of the units which compose the federation.

Unlike a unitary government *in a federal constitution both the government at the centre and the governments of the units derive their authority from the constitution.*

Conspicuous examples of federation are the U. S. A., Switzerland, Canada and Australia.

Federal government is dual government as distinguished from unitary government. The citizen of New York is subject to the government of the state of New York in 'state' affairs. He is also subject to the government of the U. S. A. in *'federal'* affairs.

Also, federal government implies local self-government as opposed to centralised government.

The Federal system of government is not, as is often erroneously supposed, the central government alone. It is a system composed of both the central and local governments.

The local governments in this system are independent of the central or *federal* government. The respective powers of the federal government and the local governments are strictly defined by the constitution and separated so that no one can encroach on the domain of others.

By this division each government is made independent and supreme within its own jurisdiction.

We may sum up here three important characteristics of Federation. They are :—

(1) *The supremacy of the constitution.*

(2) *Division of powers between the federal (or central) and provincial state or local governments.*

(3) *The existence of a judiciary to decide disputes regarding jurisdiction in the Federation and the interpretation of the constitution.*

Advantages and disadvantages of federation

(1) 'The *chief advantage* of federation is that *union gives strength; it also gives dignity.* The loss of independence by small states is amply compensated by the fuller life and vigour which membership of a more powerful and richer state gives.' (*Gilchrist*). (2) *It also strikes a balance between the centrifugal and centripetal forces in a country.* It secures, that is to say, unity in diversity. The autonomy of the states is harmoniously combined with a centralised form of government.

Disadvantages: (1) *Weakness arising from a double system of government.* (2) *Weakness from the fear of secession.*

The distribution of powers in a federation: two types

The distribution of powers between the central government and the governments of the units is not uniform nor can such a distribution be final and complete.

Generally the central government is entrusted with functions of common interest to all the member states, *e.g.*, defence, railways, posts, telegraphs, etc. and also with functions about which it is desirable to have a uniformity in all the component states, *e.g.*, currency and coinage. The governments of the units have generally the functions of local administration independent of the centre.

The residuary powers in Canada and the U. S. A.

In a federal government a list has to be made showing the division of these functions between the federation and the units—each working in its specified jurisdiction. But this list can never be complete and certain functions may be omitted.

The residue or that which is left *unspecified* may be taken by the federal government, as in Canada, or it may be taken by the local government, as in the U. S. A.

The process of federation in the U. S. A.

The process of federation began from the bottom in the U. S. A. where federation has been an act of union on the part of the states which desired union but not unity and which at the time of federation reserved to themselves all powers not expressly surrendered to the federation including the residuary powers; the process of federation in Canada, on the other hand, began from the top and has come largely through a decentralisation of the central government and the creation of autonomous units which have ultimately federated into the Dominion of Canada. The result has been that the federal government in Canada is stronger than in the U. S. A. having the residuary powers and also a sort of veto over the Canadian provinces. The Indian Federation, *in this respect,* will be based largely on the Canadian model.

The distinguishing marks of the federal system are :

"(1) *the existence of a number of political communities (states, provinces or territories) possessing of right their own constitutions and forms of government, supreme within their own jurisdiction, and*

(2) *a common constitution and government for the direct administration of matters of common concern to all.*"

The U. S. A. and the progress of the federal idea

The most conspicuous example of federal government is the government of the United States of America. The seat of the central or the federal government is Washington. But the 48 states which have formed themselves into the United States of America for purposes of common interest (*e.g.*, defence, currency, foreign trade, etc.) have also their own state capitals and their 'state' or local governments which exercise powers not surrendered to the federal government.

During the last fifty years there has been a vast extension of the federal principle. Besides the comparatively old federations of the U. S. A. and Switzerland, Canada, Australia, most republics in Central and South America and republican Germany have set up federal governments.

In India also the new constitution provides for a federal Government in the place of the present unitary and centralised government.

'Just as in the middle ages, the tendency was towards feudalism, in the fifteenth and sixteenth centuries towards absolutism, so at the present time the movement seems towards federalism.' Sidgwick wrote in an almost prophetic vein—'that partly from the *democratic tendencies* of the age, partly from the *tendency of integration* seen through history, *the extension of federalism seems the most probable of the political prophecies relating to the future forms of government.'* Laski also says *'Society to be adequate must be federal in nature'.*

The constitutional difficulties of a federation

The special difficulties of a federation are chiefly (*a*) about the amendment of the constitution which, in a federation, often is a complicated and an elaborate procedure and (*b*) the arbitration of disputes in the federation.

An essential part of a modern federation is a federal court to decide disputes regarding jurisdiction in the federation and to interpret the constitution, as in the U. S. A.

The Indian Federation

In India the federal system, composed of the Indian states and the British Indian provinces, has been suggested as the only possible solution, under the present system, of the problems of government in India because of the following reasons :

(1) Federation is the only means of uniting the Indian princes and the British Indian provinces into one nation under one national government without extinguishing their separate administrations, legislatures and local patriotisms. The princes desire union without unity with British India.

(2) A vast country like India can be properly developed and efficiently administered in accordance with modern ideas only by a federal system of government.

(3) A federal government for India is the Britisher's condition precedent to the establishment of responsible government in India.

(4) Federal government implies self-government or autonomy for the units. Provincial autonomy or self-government will generally secure better administration of local affairs. Self-government will stimulate the interest of the people in the management of their own affairs and will also be an education for the citizen.

India, at the Round Table Conferences, wanted both a federal government and a responsible government such as they have in Canada and Australia. India is not going to have the full responsible government she demanded but is going to have a federal government in the place of her present centralised unitary government. The new federal government, as proposed, is not likely to be much less despotic or irresponsible than the present Indian government.

The type of federal government, recommended for India, does not inspire one with much confidence about its ultimate success.

The success of federal government depends on the member states being as far as possible equal in status and rights—equal wealth, population, education, and social and political status. The members of the Indian federation are very much unlike and dissimilar in these respects. Two consequences might follow from this. It might end in the domination of the progressive and the powerful British Indian provinces over the rest of India or the backward Indian states might act as a drag and might hinder our social, economic, and political progress.

The advantages of a federation cannot however be ignored. It would enable India to achieve political unity. But the federation which will solve India's problems effectively will be substantially different from the proposed makeshift and unsatisfactory arrangement.

Unitary and Federal Governments compared

Unitary government is comparatively simple and easy to operate. It engenders a strong national feeling and establishes a uniform system of law and administration over the whole country. But it is unsuitable to big states because of the difficulties of governing from a distant centre. It is also inapplicable to countries where side by side with national feeling there are strong local patriotisms as also where we have a number of states desiring union but not unity. It restricts local initiative and local self-government.

The merits of the federal system of government have been enumerated in the discussion of the question of the Indian Federation.

Large areas can be efficiently governed, local self-government encouraged and local patriotisms reconciled with national interests only under a federal government which demands greater co-operation, a higher statesmanship and a better civic sense.

The faults of the federal government as compared with the unitary government are given by Bryce as follows : (1) weakness in the conduct of foreign affairs, (2) weakness in home government, (3) comparative instability because of the possibility of its dissolution by the secession or revolt of states, (4) legislative and administrative chaos and difficulties, (5) trouble, expense and delay due to its being a double government.

Summary

Governments have been classified into (1) *monarchy*, (2) *aristocracy* and (3) *democracy*.

Democracy may be (a) *pure* or *direct* and (b) *representative* or *indirect*. Representative democracy or representative government is under modern conditions the best form of government.

Other and more modern classifications are (I) (a) *cabinet and* (b) *presidential* and (II) (a) *unitary* and (b) *federal governments*.

CHAPTER XV

DEMOCRATIC OR POPULAR GOVERNMENT

We have already referred to democracy in our discussion of the forms of government. It is desirable, however, to look a little more closely into its nature because, among the forms of government, democracy is the most dominant one at the present day. As we are already aware, *under the democratic or popular form of government the people (or as in most of the democratic countries of to-day, a majority of them) have a share*, direct or indirect, *in the government*. Direct democracy, is possible at all in only small communities and is not practicable in modern times, so it is to *representative democracy** that we refer when we speak of popular governments as they are constituted today. Representative democracy is not true democracy. *Democracy has as its basis equality*. Probably there has never been a real democracy anywhere in the world yet it is the goal and ideal which has inspired and is still inspiring millions of men and women in their struggle for freedom and equality.

Democratic Government

Democratic government may also be called *responsible government*† because, under this form, the *government is ulti-*

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* Representative democracy is that form of government in which a majority of the citizens may participate in the election of representatives who thereafter exercise the functions of government.

† The Government of Great Britain is an instance of responsible government since the British Government is responsible to the legislature.

The *present* Government of India is an instance of irresponsible government since the government is not responsible to the Indian legislature.

The Government of an Indian province (*e.g.*, Bengal) under the Reforms of 1919 was partly responsible and partly irresponsible. It was an instance of dyarchy. Dyarchy has been abolished in the provinces under the new Reforms (1935) and all subjects have now been trans-

mately responsible to the people who, generally, through their representatives in Parliament, choose this government and can remove it.

Its Basic Principle

Popular government rests on the principle that government must be based on the consent of the people and that every qualified citizen is entitled to take part in the government of his land. It rests "on the confidence in the self-governing capacity of the great masses of the people and in the ability of the average man to select rulers who will govern in the interests of society." Abraham Lincoln paid a tribute to the *innate* common sense of man when he said, "It is possible to fool some people for all the time and all the people for some time but it is not possible to fool all the people for all time."

He described *popular government* as *'the government of the people, for the people and by the people'.*

Merits of Popular Government

(*a*) *Popular or democratic government is ideally the best* form of government because it recognises no privileged class and puts all on a footing of political equality.

(b) "Popular government is *the only form* of government *in which responsibility to the governed can be effectively enforced.*"

(*c*) Popular government *secures in a greater measure* than any other *the welfare of the community* because, as Mill said, (i) *"the rights and interests of the individual can only be safeguarded when he is able to stand up for them himself."*

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ferred to ministers responsible to the legislatures. This responsible government, however, is qualified by the special powers and responsibilities vested in the Governors.

The phrase 'responsible government' is commonly used in this restricted sense. It then denotes the responsibility of the executive government to the legislature and stands for mere parliamentary government such as we have in Britain.

(ii) *There is a great degree of general prosperity which is more widely diffused as more and more people take part in the government.*

(*d*) Popular government is a progressive and educative force. *A genuine democracy elevates the character and develops the political intelligence of the masses and is an active, growing, progressive force moved by ideals of service to mankind and ready to adapt itself to changing needs and circumstances.*

As Lord Bryce said, "the manhood of the individual is dignified by his political emancipation and the individual is lifted to a higher plane by the sense of responsibility which democratic or popular government throws upon him."

(*e*) *Democracy rests on the consent of the governed and is based on equality for all.* The governed have, therefore, generally no grievances against a popular or democratic government. Or, if they have any, the redress is easy and can be had by peaceful and constitutional means. *As such it is free from revolutionary disturbances* which threaten other forms of government in which the people have no share.

(*f*) *Lastly, democracy is the best school for an active, healthy and intelligent citizenship.* The people have much greater opportunities to learn the business of government in the training ground of democracy than elsewhere. The people take practical lessons in government—they learn as all men learn by making mistakes and by profiting by them.

Criticism of Popular Government

(*a*) Democracy, being the rule by a mere numerical majority, attaches more importance to quantity than to quality. Popular government has been *criticised* by Lecky *as 'the government of the poorest, the most ignorant, the most incapable,* who are necessarily the most numerous.'

The average citizen has not the time, inclination and ability to inform himself adequately on the issues confronting the government and

the people. They leave matters to be decided for them by others. These are the men who control the newspapers, magazines, cinema and radio.

(*b*) *It rests upon the false theory that every man is equal to every other man* so far as capacity to participate in government is concerned. It also minimises the need of training and efficiency in the business of government.

(*c*) In a democracy *the government being responsible to all* the people *is practically responsible to none.*

(*d*) Democratic government has also been criticised as *wasteful and extravagant,* as motives of economy are generally absent when the funds belong to an indeterminate public.

(*e*) Democracy is also unable to ensure continuity of policy in government. *There is no security, nor,* as Lord Brougham has observed, *is there a steady and consistent policy in foreign or domestic affairs.*

(*f*) *Democracy tends to drag society down to a low level of culture.* Democracy represses individuality and originality and is generally unfavourable to the development of arts, science and culture.

(*g*) According to some writers, *e.g.,* Maine and Lecky, *"Democracy insures neither better government nor greater liberty."*

The chief evils which, according to Lord Bryce, are to be found in a modern popular government are :—(*a*) The corrupting influence of money on public life, (*b*) the tendency to make a trade or profession of politics, (*c*) wasteful and extravagant administration, (*d*) the failure to appreciate the value of administrative skill, (*e*) the evil influence of party machine and caucus, and (*f*) the vote-catching legislation and administration.

Conclusion

However much one may criticise popular government, *it is impossible to stem the rising tide of democracy in the modern age. It has been introduced* more or less *into every civilised country of the world and* even such a hostile critic as Lecky

admits that *it is likely to remain the dominant form for a long time to come.* There is no doubt that *democracy* is a very delicate instrument which *needs,* for proper functioning, *much vigilance and a great sense of responsibility in the people.* 'Self-government,' as Woodrow Wilson says, 'is a character' and follows upon a long discipline. Mazzini described democracy as *'the progress of all through all under the leading of the best and the wisest.'*

Many of the arguments against democracy are, however, based upon conjecture rather than upon facts. The working of democracy in America and in some of the European countries has no doubt made apparent a few inherent defects but at the same time it has falsified the worst fears of the critics of democracy. The tendency to emphasise efficiency in government has resulted in a number of dictatorships.

Freedom and responsibility in a Democracy—conditions of success of popular government

The success* of popular government is dependent on the freedom enjoyed and responsibility shouldered by the citizens. It mostly depends upon the people, who should not only be politically intelligent, but should also have an honest and enlightened interest in public affairs and should be imbued with the true democratic spirit. Vigilance and concerted action are also equally essential.

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* The *essential conditions of success of popular government* have been enumerated by Willoughby and Rogers as follows :—(1) the existence of honest public opinion, (2) this public opinion shall be intelligent and well disposed, (3) means shall exist for giving to it definite expression, (4) a constitutional device shall be created for making this public opinion effective in controlling those in authority, (5) an effective administrative machinery shall be established and maintained.

The conditions of success according to *Mill* are :—

(1) The people must have the will and capacity to receive it.
(2) They must fight for preserving it.
(3) They must have the will and capacity to discharge their civic duties and to defend their rights, if necessary, so that a veiled dictatorship, oligarchy or bureaucratic government may not displace representative government.

The new challenge to democracy ; the rise of dictatorship

The rise of dictatorship constitutes a new challenge to democracy. Democracy has been ousted in a number of countries by dictatorships. There is dictatorship in Germany, Italy, and Turkey. There is also dictatorship in some states in South America and in the smaller countries of Europe, although sometimes in a veiled and disguised form. 'Nineteenth century democracy and parliaments are thus losing ground everywhere. In some countries they have been openly and rudely discarded, in others they have lost real significance and tend to become a bit of solemn and empty pageantry.' It is worthy of note that modern dictatorship is not just a rival of the 17th or 18th century autocracy. Many of the dictators who are now flourishing in the world were carried to power on a wave of popular enthusiasm. What then is the significance of the rise of dictatorship? Does it mean that democracy has had its day and now must retire and leave the field to dictatorship?

An acute analysis of the situation that has thus arisen has been presented by Hobson in his book *Democracy* and by Laski in his book *Democracy in Crisis.* They point out that the failure of democracy that we are witnessing in the world to-day is the failure of capitalist democracy, *i.e.*, democracy as an instrument of the capitalists. Democracy having failed, the capitalist interests in the various countries are taking refuge under dictatorship.*

* The Socialist point of view has been expressed by Pandit Jawaharlal Nehru in his book, *Glimpses of World History* (Vol. 2, P. 1474) :— "So we see that parliament and democracy are only considered desirable by the possessing classes so long as they maintain existing conditions. That of course is not real democracy; it is the exploitation of the democratic idea for undemocratic purposes. Real democracy has had no chance to exist so far, for there is an essential contradiction between the capitalist system and democracy. Democracy, if it means anything, means equality; not merely the equality of possessing a vote but economic and social equality. Capitalism means the very opposite; a few people holding economic power and using this to their own advantage. . . . . .

"The conflict between capitalism and democracy is inherent and continuous; it is often hidden by misleading propaganda and by the outward forms of democracy, such as parliaments; and the sops that the owning classes throw to the other classes to keep them more or less contented. A time comes when there are no more sops to be thrown and then the conflict between the two groups comes to a head, for now the struggle is for the real thing, economic power in the state. When that stage comes all the supporters of capitalism, who had so far played with different parties, band themselves together to face the

Summary

Democratic or popular government is *the government of the people, for the people and by the people.*

The *merits* claimed for popular government are many—(*a*) It is ideally the best, (*b*) it is the only form of government in which responsibility can be enforced, (*c*) it secures greater good, (*d*) it elevates character and develops political intelligence, (*e*) as it rests on consent it is free from revolutions, and (*f*) lastly, it is the best school for citizenship.

Democratic government has been criticised as (*a*) the government of the most incapable, (*b*) corrupt and irresponsible, (*c*) wasteful and extravagant, (*d*) insecure and unstable and (*e*) as repressing individuality. *'Democracy insures neither better government nor greater liberty.'—Lecky.*

In spite of critics, democracy has come to stay. It is impossible to stem the rising tide of democracy.

Democracy is a delicate instrument of government requiring for its success much vigilance and a great sense of responsibility in the people. In a democracy, freedom must, therefore, be combined with responsibility.

The tendency to emphasise efficiency in government has resulted in a number of dictatorships.

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danger to their vested interests. Liberals and such like groups disappear and the forms of democracy are put aside. This stage has now arrived in Europe and America and Fascism which is dominant in some form or other in most countries represents that stage."

We thus find that the so-called failure of democracy does not mean that the democratic principles are unsound. It means that democracy must be given a new trial on the basis of economic equality.

CHAPTER XVI

PUBLIC OPINION

'All governments, however bad, depend for their authority upon public opinion.' (Hume).

What is public opinion?

"Opinion cannot be held to be public, unless it is substantially shared by the dominant portion of the community. This does not mean that all persons must think alike but that upon fundamentals they are in agreement ; though differing upon non-essential matters they are willing to co-operate with regard to the essential."

"There should be, after all the party differences, an agreement with reference to the value of the government which is to be maintained and of the national ideals which are to be realised. *The more generally an opinion is held, the more public it can be said to be.* In any community of men, that which has assumed the character of public opinion is the result, not of the opinion of all its members but only of those persons, few or many, who are led to think and to form judgments regarding matters of general interest".—Willoughby and Rogers.

As Lowell says, *'in order that opinion may be public, a majority is not enough and unanimity is not required'.*

Popular Government and Public Opinion

We have seen that popular government does not necessarily mean that the people will govern directly. On the contrary, in almost every one of the modern democratic countries they exercise their power through their elected representatives. These representatives are kept in touch with the people by *the abstract instrument known as public opinion.* When public

opinion demands, for instance, a social reform, the government or the legislature cannot sit idle for all time. They have to respond ultimately to public opinion. Laws are passed and the country is administered in accordance with this public opinion.

In a democracy there is thus a very close connection between public opinion and legislation.*

A popular government is thus a government which is subject to the influence of public opinion. This public opinion must, of course, be, as Lowell says, not a mere passing whim but an enduring opinion of the people.

Justification of government by public opinion

The *justification* of this control of public opinion *lies* not in any assumption that the people would always be in the right but *in the belief that on the whole it is more likely to be right than the opinion of an individual or a mere group.* Also, when it is known that the government is controlled by the people naturally it leads to *greater peace and contentment in the country* and secures *greater obedience to the laws* and *more sincere and loyal devotion to the state.*

Meaning of Popular Control

Popular government is to be judged by two standards, namely, (1) *the extent to which the entire body of people take part in the government of themselves,* e.g., through the right of vote and the eligibility for holding office, and (2) *the actual influence which the voters are able to exercise over the government.* *Popular government* is thus a matter of quality rather than of form. Its test is *how far the government is amenable to public opinion.*

* Dicey points out three difficulties why laws are not always the result of public opinion: (*a*) no opinion on the subject may exist, (*b*) the opinion which directs legislation may not be public opinion, (*c*) there may not exist the necessary legislative organ to give legislative effect to public opinion.

The essence of popular government—control by public opinion

Popular government may exist even under a formal monarchy as in Britain. *The essence of popular government lies not in forms but in the actual control of affairs by public opinion.*

If people be indifferent or incompetent they may fail to exercise effective popular control. The power and control may then be in the hands of a few men who may be good but are mostly self-seeking. The results would be inefficiency and dishonesty in administration. Life would not be worth living in such a state. The danger of oppression and tyranny is always present and it is only by eternal vigilance on the part of the people that popular liberty is secure against dictatorship.

The necessity of civic education is, therefore, as great as it is urgent. The people must be made to realise that it is by their efforts that the public good is to be secured.

Agencies for the Growth and Expression of Public Opinion

Successful administration in a modern democratic state depends largely upon the way in which public opinion is formed and expressed.

In a representative form of government, the representatives are kept in touch with the people by the instrument of public opinion. An honest, forceful, vigilant public opinion thus exerts enormous influence in the administration of a country. Hence it is the duty of every state to allow free and unstinted expression of publc opinion to ensure successful and efficient administration.

The *agencies* which help the growth and expression of effective and intelligent public opinion in a country are mainly (1) educational institutions, (2) the press, (3) the platform, (4) parties and (5) the cinema and the radio.

(1) *Educational institutions.*

As the home has given up its responsibility for the training of the child, the school has assumed it.

It is in the educational institutions, *e.g.*, schools, colleges and universities, that the life of the would-be citizen is moulded.

It is here that his mind is trained and he begins to form opinions. A student may not ordinarily be expected to take any active part in politics before he finishes his educational career but the future politician already exists in the mover of a resolution in the college debating society.

The ideas, which are inculcated in the minds of the youth at college, work long after the college days are forgotten. From a survey of the social and political conditions in Russia, Germany and in post-war China it may be seen how far the public opinion in a country can be moulded by its educational institutions.

Education is specially necessary for a democracy. Every monarchy and aristocracy realised that the safest way to resist the advance of democracy was to keep people ignorant. To make democracy safe and sound, education must be made compulsory.

(2) *The Press*

The newspaper press supplies news and views of public interest. It comments on current events and moulds as well as expresses public opinion with regard to them. It embodies and focusses public opinion. It educates us—the education being good or bad according as the press is fair and honest or not. With the spread of literacy among the masses the number of newspaper readers has vastly increased and so the press to-day has become one of the most powerful factors in the public life of a nation.

The great influence which the newspapers wield is, as Bryce points out, liable to be misused, when it is exercised in advancing the interests of a group of selfish men. The press in a country should not be dominated by the government because the latter might try to suppress the free expression of opinions about itself. Nor should it be dominated by wealthy private individuals seeking selfish ends as is done by certain powerful newspaper combinations in England and the U. S. A.

The newspaper press is a power both for good and evil. So proper safeguards should be taken to see that public opinion is not poisonrd at the source.

It is the newspaper press that has made democracy possible in large countries. The voice can now reach larger masses and over much larger distances than before.

Without a free press the people would not have triumphed over the forces of tyrannical governments. It is essential that the press should be free to discuss what is true and fair in the public interest.

The press has exposed oppression and corruption of rulers, condemned an arbitrary executive, denounced its selfishness and blunders, helped the friends of liberty to rouse the masses.

Its dangers are that it is liable to corruption—because it is not merely an organ of public opinion but a business, seeking money and power.

(3) *The Platform*

As the press enlightens the public through the vast amount of newspaper literature which is printed daily, so the platform stimulates and creates public interest in great political questions through speeches delivered by men in the forefront of public life. These speakers from the platform educate the public about important matters at home and abroad and help the growth of public opinion with regard to them.

(4) *Parties*

Parties help the growth of public opinion to a large extent. It is party propaganda more than anything else which brings important public questions within the knowledge of the average citizen, who, if left to himself, would scarcely find either time or energy to devote to anything except his own private affairs. Parties help to create public interest without which there can be no public opinion.

(5) *The Radio and the Cinema*

Education and training of public opinion as also its expression are done through the *radio* and the *cinema.*

The potentialities of the radio and the cinema are greater and the influence of the school and the newspapers is less in a

country like India where the mass of the people cannot read or write but can understand both the spoken word and what they see.

The Legislature, if progressive and truly representative, also reflects public opinion and influences public life and conduct but is not, under present circumstances, the most authoritative nor the most influential instrument of expression of public opinion.

Their Limitations and Dangers of Abuse

The power which the schools, the newspapers, the public speakers on the platforms, the political parties, the radio or the cinema enjoys in moulding or influencing public opinion to-day may be abused and is actually abused in some modern communities to promote class or sectional interest. It may be that one party or group or class secures control over these powerful instruments of public opinion. It then presents the public with only one side of the case, its own case, carefully suppressing from us what the others have got to say in reply. Presentation of the case being one-sided, the judgment or opinion is also likely to be one-sided. Unless we have both sides of the case fairly and honestly presented to us, we cannot give reasoned and intelligent judgment on public issues. This lack of judgment or lack of true public opinion leads to great political and economic evils in the state.

Summary

Public opinion is the opinion that is substantially shared by the dominant part of the community.

A popular government is one which is controlled by public opinion.

Public opinion grows and is expressed through (1) Educational institutions, (2) the Press, (3) the Platform, (4) Parties, (5) the Radio and the Cinema and (6) the Legislature.

CHAPTER XVII

PARTIES, PARTY GOVERNMENT AND THE PARTY SYSTEM

What is a party?

A party is a body of individuals holding similar views on the leading political questions of the day united together to secure the adoption and the maintenance of those views in the conduct of government.

In a democracy, political parties perform an essential function.

How parties are formed

"In every community there must needs be diversities of views regarding public matters. *Leading men become the exponents of opposed views. Other men fall in behind them, professing agreement. To gather adherents and to make their views prevail they combine and organise."* (*Bryce*). This is how parties are formed.

Much depends on the personality of the leader—his character, capacity, judgment, vigour, enterprise and outlook. He must choose the right men, set forth the ideals by his own example and precept and place his country above everything else.

In every country where popular government has been introduced the party system has made its appearance.

Party distinguished from mere faction

'Party is a body of men united, for promoting by their joint endeavours the national interest, upon some particular principle in which they are all agreed.'—Burke.

A *party* is a free and voluntary organisation of voters for the attainment of common ends.

A *faction*, on the other hand, is a group of men, generally a loose group, neither united by any high principle nor by any regard for the national interest but acting together for the furtherance of their own selfish ends. *A faction is also known as a clique or a coterie.*

The Functions of Political Parties

The *essential functions* of parties are to *educate, formulate* and *organise public opinion*. Parties stimulate interest in public affairs, and help to secure stability in a democracy. Parties also act as a check on arbitrary government. But the primary purpose of political parties is to win in the contest for political power and office. For that organisation is necessary. The party organisation performs certain tasks in order to achieve its purpose. These are set forth below:

(1) *Policies* for which the party stands are formulated and are given the widest publicity through propaganda.

(2) *Political propaganda,* which is particularly energetic before elections, is done all through the year principally by public speeches and through the press for enlisting the support of the people to the party.

(3) *Party candidates* for public offices are chosen and members of the party as also others are urged to vote for them.

(4) *Election campaigns* are conducted for the purpose of securing office and power for the party. In these elections every effort is made to persuade voters that they are to vote for the party because its policy and candidates are better than its rival's.

(5) *After the elections* the party is to endeavour to secure the fulfilment of its promises to the voters. Often, however, once the party gets a majority, it conveniently forgets its promises.

Party Government

Each party is most anxious to have a majority in the legislature because the party with a majority will wield the governing power. The minority will then form the opposition to the majority government. If the minority is able to convert itself into a majority by the accession of fresh strength then the new majority will form the government and will enjoy governmental powers. The old majority, being reduced to a minority, will now form the opposition. This kind of government is known as *party government.*

The basis of party government, in fact, the very basis of democracy, *is that the majority must be free to override the minority.*

It may, when misused, amount to a tyranny over the minority but when employed with moderation and fairness it is the best government we have yet been able to devise for large areas and populations.

Multiple parties and the two-party system

If in a country, such as France or Germany, there are three or more political parties it is said to have multiple parties. A large number of parties means much internal strife and disunion among the people and is likely to hamper the nation's progress. Governments in such countries are formed by a temporary coalition of parties, by a patched-up unity which may be broken up any moment and cannot, by their very nature, be bold and strong. The party which aspires to power has to offer 'bribes' to the smaller parties for their support. The multiple party system leads to very considerable political evils, not the least of which are its instability, its weakness and inefficiency, political jobbery and corruption.

Our experience is that the best and the soundest political system is that in which there are only two well-organised and opposing political

parties such as Britain had until recently. In such a system the majority party has the power of government and the minority is in opposition. The one acts as a check on the other. The single party being secure in power makes for stable government and can act more quickly and with greater vigour and strength than a coalition government. It must also proceed with extreme caution for fear that its opponents will make much capital out of its errors and the voters will turn against it. The oppositionists also cannot indulge in irresponsible criticism because their views will have to be acted upon when they have the majority and the power.

Thus is responsibility enforced. The two-party system thus generally makes for not only stabler government, but also for greater strength and efficiency, greater honesty and responsibility.

Merits of the Party System

(1) In a large community, party becomes a necessity. *If parties did not exist most of the citizens would remain ignorant of current political questions.* It is mainly through an organisation like that of a party that the average citizen can get himself acquainted with the various aspects of a political problem and its solution.

Particularly, *the election campaign becomes primarily an educative campaign.* The voter, who is called upon to vote for a candidate belonging to one party in preference to a candidate of another party, will have to be convinced by the party seeking his vote that their policy is truly in the best interests of the community. As Laski has put it :—'Parties arrange the issues upon which the people are to vote'.

(2) *The party system forces even the apathetic citizen to take some part in public affairs* by inducing him to exercise his right of vote.

(3) *The organisation of parties is essential for a somewhat stable government under a democratic system.* No government can be stable unless it is sure of the general support of a majority in the legislature. If there is no organised party to back it in the legislature a government will be weak since it will always

be in the uncertainty about the attitude of the legislature which ultimately controls the government in most democratic countries.

If the citizens cannot sink their minor differences and form alliances on the basis of agreement on major problems, democracy would be reduced to a chaos of warring opinions.

(4) *The existence of parties checks the growth of despotism.* The fear of criticism by the party in opposition always keeps the party in power (the government) in check.

Demerits

(1) *The party system engenders what is known as the party spirit* which becomes sometimes the source of great evils. It is not unusual that the principles on which a party was originally founded are totally forgotten. Then the party becomes an end instead of being only a means. Its adherents fight to win a victory not for any principle but for the party. It is not unoften that "allegiance to the party replaces loyalty to the nation."

(2) *The party system destroys individuality in two ways. Firstly,* it tends to make men put reliance more and more on party labels. "Measures are judged not on their merits but according to the quarter they proceed from". *Secondly,* a man who is a member of a party is not allowed, under the rules of party discipline, to hold and express an opinion in opposition to the principles and commitments of the party.

(3) *The party system may lead to great evils,* as in the United States of America, *where a party becomes a clique or a caucus* led and controlled by a few big men who are guided by selfish motives and do things as they like.

(4) *The party system is responsible for the exclusion* of some of the best men from the important state offices. These offices, regarded as party prizes, are open only to those persons who will subject themselves in all matters to the discipline of the party. The best men even within the party may not agree to the enslavement of their conscience.

Also, the best men of the party in opposition are excluded because the offices are filled solely from among the members of the party in power.

(5) *Under the party system the people are unduly flattered for the purpose of capturing votes.* This results sometimes in what is known as vote-catching legislation which is not always conceived in the best interests of the community.

The Citizen and the Party

The evils of party government are likely to cause bitter disillusionment as to the working of modern democracies. If all men took a keen interest in public affairs and studied them carefully, these evils would have been reduced to a minimum. The evils of party government are to be traced in the main to popular apathy and the best method of avoiding the evils lies in arousing a greater sense of responsibility in the citizen. If democracy is to be rescued it must be through the honest and disinterested service of the ordinary citizen who must display more commonsense and responsibility than before.

Summary

A party is a body of individuals, holding similar views on the leading public questions of the day, united to secure the adoption and furtherance of those views by the community at large.

Parties have come to be regarded as essential to popular government.

The merits of the party system are: (*a*) it is a great educative force, (*b*) it stimulates interest in public affairs, (*c*) it generally secures stability in democratic government, (*d*) it checks arbitrary government.

The demerits are: (*a*) it engenders party spirit, (*b*) it destroys individuality, (*c*) it may lead to caucus rule, (*d*) it excludes some of our best men from public offices, and (*e*) it unduly flatters people for votes.

The evils of party government may be avoided by arousing a greater sense of responsibility in the citizen.

CHAPTER XVIII

THE ELECTORATE

We have already seen that one of the most important rights of the modern citizen is the *franchise* or the *right to vote.*

Its importance is the greater in modern representative government because to-day the citizen has not only to make a choice between rival issues or measures but also a choice between rival persons and parties seeking the privilege of speaking and acting for him in public affairs.

As soon as a state becomes unwieldy in area and population, direct participation by citizens in the government becomes impossible. Pure or Direct Democracy then gives place to Representative or Indirect Democracy. Then citizens in the latter choose representatives and officials who would carry on the government on their behalf.

The exercise of this choice by the citizens as a body is called *election,* the particular act of choice is *voting,* the citizens who choose are the *voters* or *electors* and, collectively, they form the *electorate.*

Voting may have *two objects*: (a) to choose persons who would hold public offices and (b) to express approval or disapproval of public measures.

The duty of making the right choice, or the electoral function is the essence and the very foundation of representative government or modern democracy.

The Modern State and the Electorate

The modern state derives its strength and permanence from its democratic character. Democratic government implies both (1) *Civil liberty,* which broadly means that all are equal

before the law, and (2) *Political liberty,* which means that every one has a share in government.

In a perfect democracy not only all are equal before the law, but all have an equal share in government. Such a perfect state of equality exists nowhere. Yet in almost every modern state the government is subject to the control of the people, however imperfect the control may be.

Popular Control and the Electorate

Popular control over the government *is determined not only by the size of the electorate, but also by the nature of the control exercised by the electorate* over the government.

The size of the electorate

The greater the size or the more largely the people have the vote, the more there is popular control. The size of the electorate depends on various factors,—*age, sex, citizenship, residence, property, education and moral qualifications.*

In no state the *franchise or the right to vote* has been given to all persons. For instance, the right to vote has been withheld from *minors, lunatics and criminals* because they cannot make proper and intelligent use of it. But several other people, who are quite deserving, have not got the franchise. In order to make popular or democratic government real the tendency in all progressive states is to enlarge the size of the electorate by extending the franchise.

Our next question would, therefore, be how far should the size of the electorate be extended or what is the true basis of franchise in a modern democracy?

The true basis of franchise

One of the most difficult problems of democracy is to find out the true basis of franchise.

One school of thinkers which included *Rousseau* and a few other French political thinkers of the eighteenth century held that since sovereignty resided in the people *it was the inherent right of every citizen to have the vote.*

A second school including, among others, *John Stuart Mill, Lecky, Maine and Bluntschli held that the franchise* was not an inherent right of the citizen. Rather, it *was a privilege which should be enjoyed only by those who had the capacity to use it in a manner conducive to the good of the community.*

It will be seen that in actual practice even the advocates of universal suffrage had to admit the necessity of some restrictions. For instance, *minors and lunatics are excluded and so are the aliens.* Conviction of a crime may also be regarded as a reasonable cause for disqualification. But these are restrictions in which even the advocates of universal suffrage readily acquiesce. The advocates of restricted suffrage, however, want something more. They want *proof of capacity before suffrage is allowed. Educational, property and tax-paying qualifications have been suggested as tests of capacity.*

[Mill regarded "it as wholly inadmissible that any person should participate in the suffrage without being able to read and write . . . . and, perform the common operations of arithmetic." As a safeguard against public extravagance Mill also held that tax-paying was a necessary qualification because, "those who pay no taxes, disposing by their votes of other people's money, have every motive to be lavish and none to economise."]

Franchise without the true development of manhood or womanhood will be of no use and serve no purpose. It will serve its useful purpose only when men and women are capable of exercising their votes intelligently. Men and women should be able to think out for themselves what is good for them.

Lecky and Maine thought that a large extension of the suffrage was fraught with danger because according to them it was giving power to the unenlightened and ignorant masses. They predicted dark things of democracy. But though the suffrage has rapidly extended in Europe and America, their prophecy has not come true.

Universal adult suffrage has been adopted in America and in some European countries where educational and property tests have been abolished. *The tendency everywhere is towards universal adult suffrage.*

It is not to be understood, however, that people no longer think that political power should be accompanied by the capacity to wield it intelligently. The fact is that in most of the advanced democratic

countries of the world to-day *education is almost universal.* It is considered to be one of the primary duties of the state to educate its citizens. Mill held that where education was a test of the capacity for suffrage, it was the duty of government to impart education and that *universal teaching must precede universal enfranchisement.*

As regards the property test and the tax-paying qualification the viewpoint is altogether *not to allow the economic position of the masses to stand in the way of their political emancipation.*

It seems that *the true basis of franchise to-day is a well-developed manhood or womanhood,* though there must always be certain restrictions. Further, it should be remembered that though adult suffrage may be the legitimate goal, *progress will always depend upon the capacity of men and women to exercise their right in an intelligent manner.* It is, therefore, not merely an extension of the suffrage but a continual increase in the totality of human intelligence and sagacity that will determine the success of democracy.

Adult Suffrage

The tendency in all modern democracies is to extend the *suffrage or the right to vote* to the entire adult population of the country. Adult suffrage is regarded as the basis of democratic government.

Merits

Adult suffrage is the only way by which it is possible to get an absolute equality of political rights. It is the best means of ensuring the best representation of the people of a country as a whole and also of every section of the community. The representation of the people under adult suffrage is also fair and impartial because it does away with special representation. Adult suffrage lays the foundation of sound political life by fostering the growth of parties, united by common political and economic objects and formed on the basis of national interests and not on sectional or communal interests.

Objections

The objections to the idea of everybody having the vote came mostly from Lecky and Maine. Adult suffrage to them was unwise and dangerous. Lecky asked, 'Whether the world should be governed by its ignorance or by its intelligence.' He considered it to be one of the queer follies of mankind to regard adult suffrage as liberal and

progressive, when its effect would be to place the government in the hands of the least able and the least intelligent.

Conclusion

Adult or practically universal suffrage has triumphed in the 20th century, its critics notwithstanding.

All the same, there is the danger of misgovernment, if the voters are ignorant or indifferent.

We should, therefore, do well to heed the caution of John Stuart Mill that universal *teaching* must precede universal *enfranchisement*, remembering at the same time that it is the duty of the state to provide for universal education of the people.

Manhood suffrage and adult suffrage in India

Manhood suffrage means suffrage for all adult men and does not include women. Manhood suffrage is thus a limited ideal. The *modern ideal* is *adult suffrage* or *universal suffrage* which includes all adult men and women.

Adult suffrage has been claimed by all progressive elements in India *because of its many merits. But the claim has been dismissed by the Franchise Committee because of the purdah and the huge numbers involved among whom there is appalling ignorance and illiteracy. They also pointed out political and administrative difficulties.*

Only 8 per cent. of the Indian population are literate. The masses can neither read books nor newspapers and for knowledge have to depend on what they can gather in talks with neighbours who are also mostly illiterate. It has, therefore, been considered unwise to give the vote to all adults in India—most of whom are ryots in the villages and cannot obtain information upon public questions beyond their range and as such cannot cast intelligent votes.

It would be unfair to continue to restrict the suffrage on such grounds. The *purdah* is fast disappearing and administrative difficulties should not be exaggerated. It must also be remembered that the average Indian is fairly shrewd and his illiteracy is no test of his wisdom, character and political ability. Specially in the days of the radio and the cinema his illiteracy is a lesser impediment than it was before.

If adult franchise is withheld on the ground of illiteracy in India, it should be the duty of the government to prepare the people for the vote by providing for universal primary education. Until mass illiteracy

can be removed, the political leaders and the parties should be allowed to instruct and inform the public by speaking to them direct through the radio. A loud-speaker receiving set should be installed in every village. Political parties, if properly developed, would help the political education of the people and secure for them the franchise by their propaganda through books and newspapers, meetings and demonstrations, cinema and radio.

Women's Suffrage

The opposition to the suffrage of women was based on the fear that the entry of women into politics would unsex them and would destroy the peace and happiness of the home. It was also said that society would suffer from ill-kept homes and that the woman's sphere was distinct and separate from that of the man.

The opposition to the franchise of women has almost died out. The removal of civil disabilities of women make it an anomaly that they should be suffering now from any political disabilities such as the loss or deprivation of the right of vote merely because they are women. The arguments in favour of women's suffrage are that (1) the right to vote is to be won by moral and intellectual fitness and sex should be no bar, (2) the vote is necessary for the woman for her protection and (3) the woman voter would introduce a purifying and ennobling influence in politics. *'The worst that can be said,' said Mill, 'is that they would vote as mere dependents at the bidding of their male relations . . . . If it be so, let it be. If they think for themselves great good will be done, and if they do not, no harm.'*

Modes of Election

Much also depends on the modes of election—whether election should be direct or indirect, whether voting should be secret or public?

Direct versus Indirect Election

Election may be direct or indirect. In a direct election the representatives are chosen immediately by the general body of voters. In an indirect election, the general mass of voters choose from among themselves a small group of electors to elect the representatives on behalf of the general body of voters. The indirect mode of election limits the influence and power of the voter.

The chief argument in favour of indirect election is that we can escape the dangers of universal suffrage and the evils of mob rule by limiting the ultimate choice to the abler and the more responsible

persons. Indirect election has been tried in the U. S. A. and France among other countries and has been generally abandoned in favour of direct election. The intervention of the middle man has been the source of much political mischief and corruption. It is interesting to note that Soviet Russia is also today based on a system of direct elections instead of indirect elections. The merits of direct election are that it stimulates the interest of the voter in public affairs, it enhances his sense of responsibility and furnishes him with an opportunity for political education. Against direct election it may be said that the mass of voters are more likely to be led away by catchwords of crafty politicians and may be at times swept off their feet by the gusts of popular passion. The merits of direct election, however, outweigh its demerits and as such should be adopted in every country.

Secret versus Public Voting

The discussion of this subject is no longer of practical importance, because the universal practice is secret voting or voting by *ballot.* If there is to be a free and independent exercise of the vote, the voter must have a guarantee that he will not be harassed or persecuted because of his vote. This guarantee can only come through the secrecy of his vote—nobody is to know how he has voted.

Voting by ballot has prevented, to a large extent, pressure and intimidation which were employed, before the ballot came into vogue, by the government, the landlords and the employers to influence voting.

Public voting or voting in open was defended by Treitschke as 'voting is a public responsibility and its exercise should be public' and was also supported by J. S. Mill as 'the duty of voting, like any other public duty, should be done under the eye and criticism of the public.'

The essentials of a good electoral system

Among the essentials of a good electoral system *the most important one is to provide for an equal, secret, direct and universal vote.* This is the very basis of a good electoral system.

Other essentials include *the education of the electors in public affairs, effective control of the electors in public administration and legislation* and *purity in elections.*

The state should adopt every possible measure to prevent fraudulent and corrupt practices in elections but purity in elec-

tions is very difficult to attain. Its attainment depends no less on the citizen than on the state.

Human wisdom has not yet been able to devise the ideal electoral system which incorporates all the essentials; yet it should be the constant endeavour of every community to get as near the ideal as it can.

The Electoral Procedure

There are several stages in the electoral procedure.

At first the names of the voters are registered in the electoral roll. It is the duty of every one eligible for the vote to register his name in the list of voters, otherwise he cannot vote.

The candidates who seek election as representatives are then required to submit their nomination papers which are scrutinised by the Returning Officers to see if these are in order. The date of election, the names of the candidates and the polling booths where the votes are to be recorded, are then announced to the public. On the day and at the hour of election or polling the voters go to the polling booths which are in charge of polling officers to record their votes in the ballot box kept in a screened place.

Then follows the counting and the declaration of the result by the Returning Officer. If there has been any undue influence or pressure or any corrupt practice in election, the aggrieved candidate, on adducing satisfactory proof, can have the election set aside and a fresh election may be held when the whole process has to be gone through again.

PROBLEMS OF THE ELECTORATE

Among the problems of the electorate the two most important are

(a) *the problem of the effective control of the electorate in public affairs and*

(b) *the problems of representation.*

A. The Control of the Electorate

The size or extent of the electorate is only a superficial test of democracy. If the electorate exercises only small powers

and that at irregular and infrequent intervals real authority is not in the hands of the people and popular government or the control by the electorate becomes a sham.

Democratic government can be genuine only where *the electorate controls the government extensively and also constantly.*

The control of the electorate may be direct or indirect. This indirect control may be exercised by *an alert and vigilant public opinion* exerting its pressure and influence on the government through public meetings, and demonstrations, newspapers and political parties.

Disappointed by the failure of these indirect checks on government the people, in some of the most modern democracies, such as republican Germany, insisted on retaining in their own hands direct ultimate popular control.

The direct control of the electorate lies in (1) Frequent Elections, (2) the Recall, (3) the Referendum and (4) the Initiative.

1. Frequent Elections

Where elections are held at short intervals, the chances of a legislature becoming despotic and contemptuous of public opinion are almost nil.

2. The Recall

In some countries there is a system of recall by which a representative who goes against the wishes or the mandate of his electors may be recalled. The recall is the weapon of the electorate to remove any official or any representative whom they have elected.

3. The Referendum

Where the referendum is in vogue, important measures are referred to the whole people and only such of these may become law of the land as receive the assent of the people or of a majority of them.

4. The Initiative

By the initiative a certain number of voters may require the legislature to take into consideration any particular measure and submit it to popular vote.

B. *Problems of Representation*

Among the problems of the electorate are the problems of representation—*representation of minorities* and *representation of special interests.*

Representation of minorities

Mill severely criticised 'the government of the whole people by a mere majority of the people' as unjust and undemocratic and declared that 'it is an essential part of democracy that minorities should be adequately represented.'

He admitted that in a democracy the majority must rule and the minority must obey but he insisted that the minority should be represented and that in proportion to its numbers. He was thus an advocate of *proportional representation.* The proportional representation system is meant to remove this sense of grievance on the part of the minorities and is in vogue in France and many other European countries where it is being experimented with. The system of proportional representation has been condemned both on principle and on grounds of practical difficulties.

Against the possibilities of tyranny of the minority, the minorities have safeguards in the system of federal government and local self-government.

The League of Nations' Protection of Minorities

A solution of the problem of minorities in the states of Central Europe has been attempted by the League of Nations. The League's scheme of protection of minorities include *equality before law, political equality, the right to the protection of their own religion, language and culture, and the right to an equitable share in all public grants for educational, religious and charitable purposes.*

The Communal Problem in India

The communal problem in India is primarily the Hindu-Muslim problem. Other communities have, however, of late, taken up an aggressive attitude and have demanded special rights and privileges.

The Sikhs in the Punjab are an important and well-knit minority community which cannot be ignored.

The Muslim demands were mainly related to the question of representation (electorates and seats), the separation of Sind and reforms in the N.-W. F. Province, also an adequate share of the services. The three latter have already been agreed to.

Communal Representation

As regards the question of representation it is admitted that minorities should have proper and adequate representation. *The dispute is mainly over the method of election; whether the communities should be separately represented through separate electorates or whether they should be jointly represented through joint electorates.*

In India most of the minorities are in favour of joint electorates with reservation of seats. The only notable discordant voice is that of the All-India Muslim League.

Communal representation (e.g., separate representation of Muhammadans or Europeans as a community based on race or religion) *is bad because it is anti-national, anti-democratic* and opposed to the teachings of history.* It tends to establish in the midst of a nation a community which would remain permanently estranged from national life.

Also, the problems of modern India are not so much communal as they are social and economic. There is one community of importance—*the indescribably poor and ignorant masses of India* among whom you would find the Hindu, the Muslim, the Sikh and the Christian. Among them every one is poor, every one is in debt, every one is ignorant.

To solve the problem of poverty or of mass illiteracy in which the Hindu, the Muslim, the Sikh and the Christian have alike a common interest, the communities should stand together as a nation. They should not stand divided as they are at present into separate compartments. This division makes us weak and inefficient as a nation and is a barrier to mass uplift.

The vicious communal outlook bred by communal representation makes us forget our civic and national duty that the only good and the only interests that we should seek are the good and the interests of India as a whole—not the selfish good of a particular class or community.

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* The Simon Commission characterised it as *'an undoubted obstacle in the growth of a common citizenship'.*

Joint electorates versus separate electorates

As said already, the question of communal representation in India is being fought chiefly over the form of electorates, joint or separate. India can never be a nation until this unnatural Hindu-Muslim feud is forgotten, nor would, as Mr. Brailsford asserts, India be able to reshape her social and economic order until India is a nation. It is for their own sake that the two communities should come to terms.

Joint electorates with reservation of seats

To assure a suspicious and timid minority, Hindu, Muslim or Sikh—the parties should agree to joint electorates composed of voters of all communities with a reservation of seats in the legislatures for the minorities on a population basis. 'Under this arrangement if Muslims are a third of the population and a hundred seats to be filled up, then the thirty-three Muslims who receive the highest number of votes among Muslim candidates are elected.' There cannot be less because the seats are reserved but there may be more. The Hindu votes would, however, help to select the more tolerant Muslims as the Muslim votes would help in choosing the more liberal and sympathetic Hindus. In this way the communal tension would be eased and the path paved for the development of Indian nationalism.

This is far from the ideal arrangement, because here also you have communal representation.

Separate electorates

Communal Representation is bad enough but separate electorates are worse. Most people now admit that separate electorates which were first introduced in India in 1909 are thoroughly bad and should be done away with. In communal representation through separate electorates, each community votes separately for its own representatives through electorates composed wholly of the voters belonging to it. For instance, in a Muslim separate electorate, none but Muslims can stand or vote for election.

Separate electorates are not only bad for the nation—they are also bad for the minorities who have demanded them.

Under separate electorates, the minority community will always be a permanent and helpless minority against a majority community, which will be independent of their votes and who may, if they turn hostile, override the wishes of the minority by sheer force of number.

The minority brings forward only such things as affect the minority and against the majority thus needlessly provoking bitterness and antagonism.

Also, in separate electorates, the candidates instead of discussing the problems of education, sanitation, agriculture and unemployment would raise the cry of 'the cow in danger' or 'the mosque in danger'.

To secure the votes of a community based on religion and not on national, political or economic interests, the candidates know well that they have only to take up the pose of the trustiest defenders of their faith and do little else. Separate electorates thus do incalculable harm and injury not only to the nation, but also to the communities themselves.

The representation of special interests

Sometimes special representation is given, as in India, to merchants, manufacturers, landowners and university men.

The representation of special interests is opposed in democratic societies because it is anti-democratic and anti-national.

It may give a privilege of plurality of votes to a voter and may give him an unequal advantage over the commoner. It may also help in the consolidation of sectional interests which will work against the general national interests.

Summary

One of the most important rights of the citizen is the *franchise* or the *right to vote.*

Popular control over the government is determined not only by the size of the electorate, but also by the nature of the control exercised by it.

The size of the electorate depends on various factors—*age, sex, citizenship, residence, property, education and moral qualifications.*

The true basis of franchise to-day is a well-developed manhood or womanhood.

Election may be direct or indirect. Indirect election lessens the dangers of universal suffrage, but *direct election stimulates the interest of the voter in public affairs and enhances his sense of responsibility.*

Vote by *ballot,* i.e., secret vote, is essential to the free and independent exercise of the vote.

The essentials of a good electoral system are: (1) an *equal, secret, direct and universal vote,* (2) *an educated and intelligent electorate,* and (3) the *suppression of corrupt practices at elections.*

The control of the electorate over the government may be *direct or indirect.* Indirect control is exercised by *an alert and vigilant public opinion.* Direct control takes the form of (1) *Frequent Elections,* (2) *Recall,* (3) *Referendum* and (4) *Initiative.*

Only when all adults have the vote, political equality is secured and there is real representation of the people as a whole.

The right to vote is to be won by moral and intellectual fitness and *sex should be no bar.*

It is an essential part of democracy that minorities should be properly represented.

The system of joint electorates with reservation of seats is the best solution of the communal problem in India. *Separate electorates are not only bad for the nation, but also bad for the minorities themselves.*

CHAPTER XIX

LOCAL GOVERNMENT

In every modern state of any considerable size, the whole territory has been divided into small areas. The local affairs of these small areas are managed or governed by the local people. *This is known as local self-government in India* and local government in the West.*

Thus in India we have the *municipalities* for the towns and cities and the *District Board,* the *Local Board* and the *Union Board* or the *Punchayet* for the District, Sub-division and Village respectively.

Likewise, in France, the country has, for this purpose, been ultimately divided into *Communes,* in Germany, into *City Circles* and *Rural Communes,* in Britain, into *Counties, Boroughs* and *Parishes,* in America, into *Counties* and *Townships.*

The idea or principle underlying local self-government is that local affairs are best managed by local people and that the spirit of liberty can be best imbibed and enjoyed by a people through its municipal institutions.

Local self-government has a three-fold purpose:

(1) to relieve the central government of a part of its ever-growing burden ;

(2) to secure more efficient and convenient management, because local people have the best facilities for ascertaining and satisfying the peculiar local needs ;

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* For details of Local Self-Government in India the reader is referred to the chapter on the subject in Indian Administration.

(3) to enable people to participate directly and effectively in their own government. The spirit of freedom is best encouraged in a people through its local self-governing institutions. Self-government is thus also an aim.

Local government in England and on the Continent

Local self-government on the Continent is sometimes supposed to be more liberal than it is in England and America because of the larger sphere of action of the former. Local self-government in England and America is, however, more real and in spirit more liberal because, unlike that in France and Germany, it is subject to the minimum of control and supervision of the higher authorities. The local bodies in *France, Germany and Italy,* on the other hand, are used as agents of the central government which exercises a large amount of control over them.

Interference in local self-government—when justified

In cases of gross mismanagement or in cases of flagrant wrong or in cases of oppression of the minority, the state should intervene and control the working of the local self-governing bodies.

The functions of local self-governing bodies

The principal functions of local self-governing institutions are chiefly related to *public safety, health and sanitation, the maintenance of communications, water supply and elementary education.*

Since urban areas have needs, in some cases, different from the needs of rural areas the functions of urban bodies differ slightly from the functions of rural bodies and include, among others, the provision for street lighting, slum-clearance, art galleries, museums, libraries, parks and playgrounds. In India, the local bodies have no or little police functions nor is there municipal trading or municipal industry on a large scale. The scope for a higher and more ambitious civic life is limited in India by various extraneous factors.

The value of local institutions—chief training ground for self-government

Local self-governing institutions are chiefly valuable as agencies for the training of the people in the art of self-government.

The extension of local control and management of local affairs is to be welcomed not simply because it is much better able than a government at a remote centre to meet the special needs of the locality in matters such as roads, water supply and conservancy but *mainly because it is a great educative agency.* 'Local government is education in perhaps a higher degree than any other part of government.' (*Laski*).

It encourages the spirit of self-help and co-operation and induces a sense of responsibility in the people who are taught to be self-reliant.

It trains men to work for others and, what is more valuable, to work with others.

It cures from the beginning the indolence and selfishness so common in us and which makes us indifferent to what does not affect us directly or immediately. He who is upright, public-spirited and active in the affairs of the village would be equally so in the larger affairs of the state.

'Local assemblies of citizens constitute the strength of free nations. *Town meetings are to liberty what primary schools are to science ; they bring it within the people's reach; they teach men how to use and how to enjoy it.* A nation may establish a system of free government but without the spirit of municipal institutions it cannot have the spirit of liberty.' (Quoted of Tocqueville in the *Problems of Government* by Willoughby and Rogers).

The practice of self-government in small areas develops qualities and habits which would be needed by the citizens in the exercise of their duties in a democracy.

It is not only *the best school for democracy*—it is also *its best guarantee.* "The best school for democracy and the

best guarantee for its success is the practice of local self-government'', says Bryce.

Summary

Local Government consists in the division of a country into small areas administered locally by the local people.

It (1) relieves the central government of a part of its burden, (2) secures more efficient and convenient management of local affairs and (3) serves as the best training ground for the people in democracy and civic ideals.

CHAPTER XX

THE CONSTITUTION OF A STATE

The constitution* of a state is a collection of rules, (*written or unwritten*), which determine the powers of the state, who are the persons in whom the powers of the state are vested and how these powers are to be exercised.

Every modern state has a constitution according to which its government is conducted.

It will be evident from the above definition that a knowledge of the constitution of the state is essential for good and intelligent citizenship.

1. Written and Unwritten Constitutions

The older method has been to classify constitutions into (a) *written* and (b) *unwritten.*

(a) Written Constitution

A *written constitution* is one in which the fundamental laws and principles of the state are reduced into writing *in a formal document, e.g.,* an instrument of government. The constitutions of *Germany, France, the U. S. A.* and of all newly formed states generally, are written.

(b) Unwritten Constitution

An *unwritten constitution* is one in which the laws and principles of constitution are *not recorded* and are, therefore, not to be traced to any solemn and authoritative documents like those of a written constitution. *The constitution has to*

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* *The constitution has also been defined as a body of laws which lays down the organisation of the government, the distribution of powers among its organs and the principles on which the state is to be governed.* 'Constitution is the way of life the state has chosen for itself,' said Aristotle.

be gathered from various sources—custom, convention, statute and judicial decision.

Constitutions may be broadly classified as written or unwritten. But none is fully written nor is there any entirely unwritten constitution. The written constitutions, *e.g.*, those of the U. S. A., France, have an unwritten part just as the unwritten constitution of Great Britain has a large and important written part.

Constitutions are nowadays more generally classified into:

2. Rigid and Flexible Constitutions

(a) Rigid Constitution

A *rigid constitution* is one which cannot be altered in the same way as an ordinary law can be altered by the legislature. The constitution of the U. S. A. is a rigid one. If any *revision of the constitution is to be made there is a special procedure* prescribed and that special procedure has to be gone through before any change in the constitution can be brought about. Thus in a rigid constitution there are certain barriers which have got to be overcome before any changes can be effected.

Besides being *clear* and *definite*, a rigid constitution is *stable* and *is generally free from the dangers of attacks on it by popular passion or mob frenzy.* The danger of a rigid constitution was pointed out by Macaulay who said *"the great cause of revolutions is this: that while nations move onward constitutions stand still."*

Stability which has been regarded as an advantage of rigid constitutions may after a certain point turn into a source of danger. A constitution that is too rigid may invite breach if it is outgrown by the community for whom it is meant.

(b) Flexible Constitution

A flexible constitution is one which can be *amended by the ordinary process of legislation.* The constitution of Great Britain is of a remarkably flexible type. The constitution of England which is contained in no written document and which

has, in the words of Tennyson, "broadened down from precedent to precedent" can be changed and amended just like an ordinary law. No special requirements are prescribed. During the last quarter of a century a great political revolution has been achieved in England without any bloodshed. This is because the constitution of England allows for the political growth of the English people by making it possible for them to amend their constitution as easily as they can amend an ordinary law.

The *advantages* of the flexible type are its *remarkable elasticity and adaptability*. A flexible constitution can prevent bloody revolutions by meeting them half-way. Its *defects* are that it has *no stability* and *little permanence*. It is liable to be seriously affected by the ever-changing popular passions. On the other hand, the rights of the people are liable to be encroached upon by the executive under an unwritten or flexible constitution where the citizens are not vigilant.

Other modes of classification are:

(*a*) (*i*) *revolutionary, e.g.,* the French, American, German and Russian constitutions, (*ii*) *evolutionary, e.g.,* the British and Indian constitutions;

(*b*) (*i*) *federal, e.g.,* the U. S. A., Canada and the new Indian Constitution, (*ii*) *unitary, e.g.,* Great Britain, France, Italy, Japan.

Amendment of the Constitution in Great Britain and in India

In Britain, no distinction is made between an ordinary law (*e.g.,* law relating to marriages) and a constitutional law (*e.g.,* laws relating to the Crown and Parliament).

A Bill for the abolition of the House of Lords as well as a Bill for making marriages valid where they were not before, a Bill depriving ex-King Edward VIII's issue from succession to the throne and a Bill for protecting the copyright of authors, each of these is within the competence of Parliament, each may be passed, in the same manner, generally with the assent of both the Houses of Parliament and with the formal assent of the King. 'When passed, each will be neither more nor less than an Act of Parliament, which can be

repealed as it has been passed by Parliament and cannot be annulled by any other power.' (Dicey). So the laws of the constitution in England, legally speaking, are not a whit more sacred or immutable than ordinary laws.

In the case of India, the constitution, embodied in the Government of India Act of 1935, can be legally amended only by Parliament in Great Britain. In certain specified matters (*e.g., size and composition of the Legislatures, Federal and Provincial; the qualifications of members of the legislature and of voters, including women voters; and electorates, whether joint or separate*), machinery is provided by s. 308 of the Act for change and modification by methods* other than an amending Act of Parliament.

In this latter case, action shall be taken by the British Government, not by Parliament, but because the Secretary of State is required to give notice on behalf of the British Government to Parliament of the action to be taken by them, such action by the Government will be, as in all cases, under the watchful eye and supervision of Parliament which may negative any proposal unacceptable to it.

Thus the British Parliament retains, as before, its full control over all amendments of the Indian Constitution.

Summary

The constitution is a body of laws which lays down the organisation of the government, the distribution of powers to its organs and the principles of government of the state.

Constitutions have been classified into (a) *Written* and (b) ***Unwritten,*** and more recently and that correctly, into (a) *Rigid* and (b) ***Flexible*** also, (a) *Revolutionary* and (b) *Evolutionary;* and (a) ***Unitary*** and (b) *Federal.*

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* (1) Such proposals for change, *except in the case of women and the franchise,* cannot be made within ten years of the establishment of the federation, and have to be moved on behalf of the Council of Ministers by a minister in the Legislature, Federal or Provincial, as the case may be, which may then pass a resolution recommending the amendment.

(2) Or, on motions similarly made, the Federal or Provincial Legislature, may present to the Governor-General or the Governor, as the case may be, an address to His Majesty, to be forwarded by them along with their own report thereon praying that His Majesty may be pleased to communicate the resolution to Parliament.

(3) The Secretary of State shall, within 6 months, present a statement to both Houses of Parliament reporting any action proposed by the British Government to be taken thereon.

CHAPTER XXI

CIVIC IDEALS

Nature and Value of Civic Ideals

An ideal is a moral end or goal which an individual or a nation aspires to. Without great ideals in life an individual cannot be great. So is the case with a nation. From a study of history we find that all nations which have been great have been inspired by great ideals. Ancient India, ancient Greece and ancient Rome owed their greatness to the lofty ideals which they pursued. Each modern nation, therefore, must formulate its ideals and place them before its citizens. It should be the aim and purpose of a system of national education so to form the mind and character of the citizen that he may realise the ideals of the nation and train all his desires and actions to the service of national ideals.

All ideals are not civic. A citizen may have some ideals which have little reference to society. Those ideals which a citizen pursues as a member of a political community may be termed civic ideals. Civic ideals are common to all citizens. Some of these ideals are universal ; others differ in different communities. For example, patriotism, liberty and equality are universal civic ideals, while *hara-kiri* is a purely Japanese ideal.

The true civic ideal is the attainment of good life in society. Human life is rich in its diversity and our happiness and welfare can be promoted in diverse ways. The artist who has painted a good picture, the sculptor who builds a fine model, the poet who composes a noble song, the teacher who teaches a generation of students civic virtue, the saint who lives a life of truth, humanity and sacrifice, the worker who toils in his workshop and the peasant who ploughs in his field

——all those who have been honest and industrious in a great common endeavour to serve society—all alike contribute to the realisation of our own civic ideals. Though their activities seem so diverse yet all of them tend ultimately to the one end —the welfare of the community. Thus each one is as good a citizen as the other.

Every nation has always trained its youth along the lines which it believed led to its ideal or goal. Let us now briefly examine the ideals of some of these nations—*ancient and modern.*

The aim of education at Sparta and Athens alike was to produce the best citizens. But their education differed because of the differences in their ideals.

'The Spartan believed that the whole duty of man was to be brave, to be indifferent to hardships and pain, to be a good soldier and be always in a perfect physical condition.' And he was trained accordingly.

The Athenian ideal* of a perfect citizen was much wider. They demanded of the ideal citizen perfection of body, perfection of mind and perfection of tastes, but the Roman ideal was on the whole similar to the Athenian ideal. The ancient Indian ideal was based on Varnashram Dharma and had many good elements in it. But it had also glaring defects. It excluded the women and the Sudras, *i.e.*, the working class from citizenship. It is undeniable that the hereditary character of the Varnashram Dharma largely stood in the way of the growth of a strong civic consciousness and healthy national ideals.

Civic Ideals and their realisation

Each modern state should place before its citizens the following ideals :

(1) Ideal of keeping fit

The citizens must learn the art of keeping fit. A properly developed physique used to hardships is the first essential in the

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* The Athenian boys upon coming of age had to take the Ephebic oath :

'I will not bring dishonour upon my arms and I will not desert the comrade by my side. I will defend the sacred places and all things holy, whether alone or with the help of many. I will leave my native land not less but greater and better than I found it. I will render

efficient discharge of civic rights and duties. Physical education is now recognised to be an important part of national education. The citizen must also learn adaptability.

(2) Patriotism

The citizen must be patriotic. He must always be ready to fight for the defence of his country and to uphold any just cause. There is, however, a sort of patriotism that revels in glorifying one's nation by trampling under foot the rights and liberties of other nations. Such patriotism is perverted. Patriotism cannot be divorced from morality. In an unjust war in which one's own nation is the aggressor the highest patriotism as the highest morality lies in refusing to fight. International good must override national self-aggrandisement.

(3) Public spirit

Public spirit consists in the willingness to serve the community. The citizen must participate in the work of the government of the country. He must record his vote intelligently, serve on the jury, appear in the witness-box and should be prepared to serve on representative local bodies, assemblies and committees often in an honorary capacity and at great personal inconvenience. The exercise of vigilance over the actions of the executive and participation in the discussion of public problems and grievances are also included in public spirit. Seeking the common good is the goal of public spirit.

(4) Promotion of National Culture

The citizen must be able to appreciate his nation's spirit as expressed in its literature, art, music and science. His own work in these spheres should be based as far as possible on the trends of national culture. All the good elements in national culture must be carefully preserved and developed.

(5) The City Beautiful

A great civic ideal is the making of one's city and nation beautiful. The process of beautification should be done according to national

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intelligent obedience to my superiors and will obey the established ordinances and whatsoever other laws the people shall harmoniously establish. I will not suffer the laws to be set aside or disobeyed, but will defend them, alone or with the help of all. And I will respect the memory of the Fathers. The Gods be my witnesses.'

The Ephebic Oath laid stress on patriotism, "fight for the ideals and sacred things of the city", reverence for laws and ceaseless endeavour "to quicken the public's sense of civil duty" and to make the city of Athens "greater, better and more beautiful."

ideals of art and architecture. The ideal citizen should also raise his eyes unto the World Beautiful.

(6) Progress

Progress must be the supreme end of the community. Superstitions and prejudices must be discarded. A modern outlook should be cultivated. Social customs and institutions should be reformed in the light of modern requirements. Science should be harnessed to the improvement of agriculture and industry. The spirit of research and discovery should be fostered and encouraged by all means at the community's disposal.

Conditions for the Realisation of Civic Ideals

For the realisation of civic ideals certain conditions are necessary. The more important of these conditions are the following :—

(1) Democracy

The government of the community must be democratic. Without democracy civic consciousness cannot develop properly and the privileges of citizenship remain limited to the fortunate few. True democracy means not only political democracy based on adult suffrage but also social and industrial democracy. Equal opportunity for all is necessary to evoke the enthusiasm and devotion of the people to the state.

(2) Civic Education: Universal and Compulsory

Universal and compulsory education is the prime requisite of good citizenship. The Greeks realised this more than 2000 years ago. Civic education is an essential condition of the realisation of civic ideals.

(3) Civic Interest and Vigilance

The citizens must exercise unceasing vigilance over the actions of the government. Unless the citizens take interest in the actions of their government democracy is liable to be speedily corrupted and the ideals lost.

(4) Progressive Outlook

Without a progressive outlook civic ideals are bound to be overtaken by stagnation and decay. In India there is too much of the glorification of the past and consequently too little progressive outlook. The citizen must be inspired with the desire to do his best to create a better, freer and happier world. The citizen's outlook must extend

beyond the present into the future, beyond the good of his nation to the good of the world as a whole. Without a progressive outlook little or no progress can be achieved.

Summary

Civic Ideal is the attainment of good life in society. Different nations have different civic ideals.

The Spartan ideal laid stress on the development of the body and warlike qualities.

The Athenian ideal combined perfectly the development of the body with that of the mind and the spirit.

The ancient Indian ideal was based on Varnashram Dharma.

The chief civic ideals of the modern state are (1) *the ideal of keeping fit*, (2) *patriotism*, (3) *public spirit*, (4) *the promotion of national culture*, (5) *the City Beautiful* and (6) *progress*.

The conditions for the realisation of civic ideals are (1) *democracy*, (2) *universal and compulsory education*, (3) *civic interest and vigilance* and (4) *progressive outlook*.

CHAPTER XXII

NATIONALISM

Nationalism defined

Nationalism denotes the conscious and deliberate efforts of nations as in India and Egypt to be free, to have their own states or when already they have their own states as in Italy and Germany it refers to their desire and struggle to be dominant and powerful.

The national sentiment that seeks expression in an active endeavour for the achievement of freedom is called Nationalism.

The Versailles Treaty of 1919 failed to satisfy the desires and aspirations of many nations which had been roused by the slogans 'one nation, one state', 'the right of self-determination of nations'. The fire of nationalism continues, therefore, to burn with increasing flame in many parts of the world.

Nationalism and Internationalism

Nationalism is not without its critics. Just as without individual liberty there can be no development of individuality, so without national liberty there can be no national progress.

The progress of mankind demands that the different nationalities should have political freedom to preserve and develop their own special qualities, heritages and cultures for the enrichment of civilisation. Korea or India free would be each happier in itself and better for human progress than Korea or India in bondage. As Hobson has put it, "*Nationalism is a plain highway to internationalism . . .*"

While fully recognising the necessity of national liberty and the value of nationalism we cannot shut our eyes to the evils of nationalism against which we must be on our guard.

The possible evils of nationalism

Nationalism, when perverted, may become too narrow, too selfish and too aggressive. Under perverted nationalism, love of nation often amounts to hatred of the foreigner, national glory and interests mean the subjugation and exploitation of weaker peoples. To the nationalist pervert the motto is: *"My country, my nation, my people first—right or wrong."* But it is essentially immoral because it does not take into account the rights of others.

This narrow, selfish and aggressive *nationalism may be racial* as in Germany resulting in the torture and persecution of the Jews *or may be imperialistic* when it results in the political exploitation of the subject people by the imperial power as in Korea and Manchuria by Japanese Imperialism.

The last European War, which cost us millions of lives and tons of gold, was brought about by the conflict of ambitious and aggressive designs of the principal rival nations. After the war a war-weary world began to insist that this insane and destructive national rivalry must cease. The World Economic Crisis has demonstrated afresh the evils of unbridled nationalism and the paramount need of international co-operation and harmony if the very foundations of civilisation are not to give way.

Internationalism

There is to-day throughout the world a broad wave of sympathy for the oppressed and exploited peoples on earth. A feeling and a tendency is slowly gaining ground that we should work together for the true welfare of humanity and that we should not regard ourselves *merely* as members of particular nations but as citizens of the world. This tendency is known as internationalism.

Internationalism as an ideal

As an ideal, internationalism is certainly greater than nationalism because the welfare of humanity is a higher good

than the welfare of a particular group. The ideal derives strength from the fact that modern transport and communications have brought the different parts of the world closer—indeed so close that at times we feel that we are not much apart and that we belong, after all, to a family of nations. Further, the interests of the different nations, in the economic and in other spheres, have become so interwoven that they can be furthered only by concerted action. Germany impoverished by war cannot buy Indian jute, Indian jute-growers impoverished thereby cannot buy British cotton-goods and cause suffering and unemployment to British cotton workers. So *by mutual consent war must be stopped*, aggressive nationalism checked and internationalism promoted in the interests of all.

Internationalism is an ideal, a sentiment, a dream not of the many but of the few, the select few in every community. The present age seems to be the age of nationalism. *True nationalism is not at variance with internationalism.* It is but a step to internationalism. Internationalism would have a meaning and the talk of a world brotherhood would be a reality only when all the subject nations are free.

Internationalism and the League of Nations*

The idea of internationalism led to the establishment of the League of Nations with a view to world brotherhood and international co-operation. But the League of Nations has

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* *No state can live a life to itself alone.* It is a member of a community of states each of which has the same kind of rights and duties. *The sovereign state is incompatible with an effective world order.*

A state like Italy, as guardian of the highest national interests, finds it essential where its own interests are conecrned, to remain judge in its own cause. Italians believe that Italy has a civilising mission in Abyssinia quite as sincerely as those who believe that Great Britain is in India solely for the benefit of India. The state in a capitalist society needs to remain sovereign in order to protect the interests of capitalism. In the last resort these interests have to be protected by war.

been able to do very little in the way of protecting weak nations from the greed of the Great Powers as is evident in the case of the aggression of China by Japan and the conquest of Ethiopia by Italy. There is a growing suspicion that the League exists for the big powers and not for the small and the weak. The League's failure has damped the ardour of many of the champions of internationalism at the present day.

The League of Nations

The League of Nations was an instrument of international co-operation under a Treaty, known as the *Covenant,* signed by about fifty governments of the World. The League was an association of states brought into existence in January, 1920, from which the U. S. A. and Soviet Russia kept out since its foundation. In recent years Soviet Russia had joined the League but Japan, Germany and Italy have resigned the membership of the League.

India and the self-governing Dominions within the British Empire, though they are not states, in the truest sense, are members of the League of Nations.

The Objects of the League of Nations

The *objects* of the League of Nations as stated in the preamble to the covenant are (a) *the promotion of international co-operation* and ((b) *the achievement of international peace and security.**

If sovereignty and an effective world order are incompatible ways of life, then, also, capitalism and a world order are incompatible; for war is rooted in the capitalist system.—Laski : *The State and the International Community.*

* No better argument in favour of the international order and security can be given than a statement of the losses in the Great European War. Britishers, killed and missing, were more than a million, Germans over 2 million. France also lost 2 million men, Italy half a million. The total number of deaths in action was over 11 million.

Over 2197 British merchant ships, 238 French, 230 Italian, 29 Japanese and 80 U. S. A. ships were sunk by enemy action and British seamen killed numbered nearly 40,000.

The means prescribed in the covenant for the achievement of these objects *are*

(1) acceptance of obligation not to resort to war

(2) open, just and honourable relations between nations

(3) firm establishment of a code of international law as the rule of conduct among nations and governments

(4) maintenance of justice and scrupulous respect for all treaty obligations.

The Constitution of the League

The system used to operate through a *Council,* which was the highest executive, *an Assembly,* which was the deliberative body, and a *permanent Secretariat* at Geneva.

The *Council* consisted of 14 members, of whom five were reserved for the five Great Powers with permanent seats on the Council and nine others elected by the Assembly from time to time to represent the other members of the League. The Council met usually at Geneva three or four times a year.

The *Assembly* which was a much bigger body consisted of representatives of all states who were members of the League. It met once a year in September at Geneva.

The Assembly was the 'Parliament' of Nations—every nation enjoying equal rights. It controlled the budget, admitted new members and was the general directing body of the League in peace and war.

The *permanent secretariat consisted* of 600 League officials recruited from over 40 nations serving under the Secretary-General of the League. It was the international civil service.

The League's Work

The League of Nations has failed to preserve peace in two recent cases because there is no international police force. Japan could not be restrained in Manchuria and China as Italy could not be held in check in Abyssinia. Nor has the League been able to prevent the present war. The outbreak of the present war has seen practically the burial of the League and all that it stood for.

The alternative to war is peaceful settlement as prescribed by the Covenant *through mediation or conciliation, arbitration,* and *judicial settlement.* For judicial settlement there was *the Permanent Court of International justice* which used to sit at The Hague (Holland) and consisted of 15 judges.

In the absence of complete security, disarmament, another important function of the League, *had made very slow progress.* The recent events in Europe and Asia have filled the nations with fear and distrust and instead of disarmament *there is to-day a great race for increase in armaments which can end only in the extension of the great war.* It is apparent that the *method of collective security through the League of Nations has failed.*

It is in the fields of international economics and finance that the League has done its most successful work. It has helped to remove economic barriers, balance budgets, stabilise currency and prices all over the world.

Besides, the League has undertaken humanitarian service which include the valuable pioneering work of its *International Health Organisation, and the League of Nations' fight against the opium traffic and the white slave traffic. 'Humane' work, in the classical sense, is carried on by the Committee on Intellectual Co-operation.*

But its most outstanding work has been done by an auxiliary organisation, *the International Labour Organisation. Its object is to improve conditions of labour wherever they are capable of improvement and in need of it* by persuading each government to take the necessary administrative and legislative action. *International action on labour questions is necessary to create* universal minimum standards of labour conditions. *The International Labour Organisation* has held annually a *General Conference* corresponding roughly to the League of Nations Assembly and has a *Governing Body,* which corresponds to the League Council, consisting of representatives of Governments, employers and permanent workers. *The International Labour Organisation Secretariat at Geneva is known as the International Labour Office* and in addition to its executive work collects and disseminates a vast mass of information on industrial questions.

Summary

Nationalism denotes the conscious and deliberate efforts of nations to be free.

The principle of nationality is *one nation, one state.*

Nationalism when perverted becomes too narrow and selfish. True nationalism is not at variance which internationalism.

The objects of the League of Nations are (1) promotion of international co-operation and (2) achievement of international peace and security.

The League's work is primarily the prevention of war and the guaranteeing of the security of its members but there are some other important League activities such as the betterment of the conditions of labour throughout the world, the promotion of international commerce, the improvement of public health, the suppression of immorality and the control of noxious drugs.

BOOK II

INDIAN ADMINISTRATION

CHAPTER I

INTRODUCTION

After having acquainted ourselves with the fundamental principles of civil government we are now in a position to approach the all important question—*How are we, Indians, governed*? This question must be a matter of great interest and curiosity to the young men and young women of to-day who are going to be citizens to-morrow.

India is a part of the British Empire and the present constitution of India, in which all the important rules relating to the government and administration of this country are embodied, is an Act of the British Parliament passed in 1935. *This Act is known as the Government of India Act, 1935.*

The origin and development of British Rule in India

Before we proceed to examine our present constitution it will be useful to give a short historical survey of the origin and development of British Rule in India.

The history of the rise and development of British Rule in India may be broadly divided into *four* periods :

I. 1600–1765. The East India Company which in 1600 receives its charter to trade exclusively in the East Indies becomes a political body as well in 1765 when Clive secures the Dewany for the Company.

II. 1765—1858. The Trading Company which acquires political power goes on extending its power and dominion in India which from 1773 onwards it has to share in an increasing measure with the British Parliament until 1858. After the Mutiny, in 1858 the Company loses the power it acquired and the government of India is assumed directly by the Crown for the better administration of the country.

III. 1858—1917. Although India was now administered by the Crown and no longer by a Trading Company there was little change in the method of government. The Government of India remained, as before, an autocracy.

IV. 1917—. In 1917 came the Montagu Declaration about a change in the policy of the British administration in India. The goal of the British administration in India is defined there as the progressive realisation of responsible government in India as an integral part of the Empire. In pursuance of this declaration Parliament passed the Government of India Act in 1919 to make the necessary reforms in the administration. The Act of 1919 has been superseded by the new Government of India Act passed in 1935.

The East India Company

It was in the year 1600 that Queen Elizabeth of England granted to the East India Company a charter to trade exclusively in the East Indies and *"to acquire territory, fortify their stations, defend their properties by armed force, coin money and administer justice within their own settlement."* As Keith says, *the aims of the Company were essentially commercial.* The first trading station of the East India Company was established at Surat. Jehangir, the then Mogul Emperor, granted a few trading concessions to the English. The English next opened a factory at Masulipatam. The Company built Fort St. George at Madras in 1640. A few years later a factory was built on the Hooghly in Bengal. In 1662 Charles II leased out to the Company the city of Bombay which he had got from Portugal as a part of his queen's dower. In 1690 Job Charnock 'definitely founded the capital of India' at Sutanuti. That is modern Calcutta.

With the decay of the Moghul power at Delhi in the early years of the 18th century there began a state of chaos and anarchy in India. There was a scramble for power among the Mahomedan governors of the provinces, the Marhatta chiefs and the other Hindu Rajas. The European trading corporations were not slow to seize the opportunity and they soon began to exploit the rivalries of the mutually jealous Indian chiefs. For some time it seemed that the French under Dupleix would be the dominating European power in India. But fortune smiled on the English, who, under the able leadership of Clive, gradually ousted the French power from India. The success in the Carnatic wars which began in 1744 and ended in 1763 brought about the extinction of the French power in India and gave to the English the territorial sovereignty over the Northern Circars. In Bengal the first decisive battle was fought at Plassey in 1757 when the English defeated the Nawab's forces and succeeded in making themselves the masters of the situation. The Nawab henceforth was to be a puppet in the hands of the English. The defeat of Mir Kasim who joined forces with the Emperor of Delhi and the Vizier of Oudh in the Battle of *Buxar* served only

to make the mastery of the English complete in North-Eastern India. *The Company finally ceased to be a mere trading organisation.* Clive is regarded as the founder of the British Empire in India.

Clive's Double Government

The East India Company, hitherto a trading company, became a political power in the year 1765 when Clive received from Shah Alam, the Emperor at Delhi, the grant of the Dewany (that is, the right of the collection of revenue and the administration of civil justice) of Bengal, Bihar and Orissa in exchange of an annual payment by the Company of a sum of 26 lakhs of rupees. At the same time the Nawab of Bengal, in lieu of an annual pension of 50 lakhs, resigned to the Company the management of the subadari which included the Nizamat powers and duties, that is, powers and duties relating to the maintenance of peace and order including the administration of criminal justice. The office of the Nawab remained like the office of the Emperor without any substance. Thus the East India Company's right to rule was composed of two parts derived from two sources. It received the Dewany* from the Moghul Emperor and the Nizamat from the Nawab.* But the East India Company did not undertake immediately the detailed administration for which it made itself responsible. The Dewany also suffered on account of large evasions of customs and other duties by the "English gentlemen and their *gomasthas.*"

Yet this system of double government, by which the Emperor nominally reigned but the Company really governed, saw the establishment of the Company's sovereignty in Bengal. This is the famous Double Government of Clive.

The Double Government was warmly commended by Clive because he was anxious not to throw off the mask that the sovereignty was no longer really with the Emperor, lest it might lead to embarrassing consequences to the Company through an excitement of the jealousy of the other foreign powers in India. From 1765 onward the Company governed in these tracts though the Moghul Emperor remained the sovereign.†

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* The Dewan, in the Moghul administration, was the minister of Finance and of Civil Justice, responsible to the Emperor and largely independent of the Governor of the *suba* (province), the Nawab Nazir.

† The Nawab Nazir, the governor or the provincial viceroy, was the head of the province and represented the Emperor in all matters civil or military.

‡ The dewany had hitherto rested with the Nawab. . . Now it was definitely detached from him as a matter of theory. But Clive did not contemplate the actual taking over of the authority and its execution

The growing interest of the British Parliament in India

Later on, further territories were acquired in India by the Company acting under the authority and on behalf of the British Crown. The great expansion of dominion that resulted from the victories of Clive and Eyre Coote made it plain that England had become a territorial power to maintain which the despatch of King's ships and King's troops to India became necessary. The government of these territories could not in the circumstances be regarded as the mere private concern of a trading company but became increasingly a matter of national concern to the British people and the British Crown.

From 1766 onward Parliament showed an increasing interest in Indian affairs. Some of the Anglo-Indian officials, the English Nabobs as they were called, who had 'shaken the pagoda tree in India' and made themselves fabulously rich, on their return to England excited the jealousy and envy of their fellow countrymen by their luxurious and extravagant ways of living.

Parliament's desire to intervene in the Company's affairs was prompted by two very different feelings—*a feeling of uneasiness and concern* at the methods whereby the Company was making its large profits year after year and *a feeling of envy* of the privilege whereby a few people, the Company's shareholders and servants, enjoyed such large incomes from India and lived in England a life so different from that lived by the vast majority of the British people.

The Company's financial position had become embarrassing on account of misgovernment and also because the Company had to meet the expenses of continuous wars while the servants of the Company were dishonest and corrupt and were amassing huge fortunes for themselves.

The civil misgovernment led to a famine in the Presidency * of Bengal which in those days was the richest and the most fertile among

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by the servants of the Company. . . . The actual administration was left in the hands of the four deputies of the Nawab, and in his final directions to the Calcutta Council (Jan. 16th 1767) he insisted that while the Nawab was but a name and a shadow, policy required that he should be venerated and encouraged to show resentment at any lack of respect by foreign nations.—(Keith, *A Constitutional History of India*, p. 54).

* The effects of the demands for money on the unfortunate province (Bengal) were described effectively by the Resident at the Durbar who lamented on May 24th, 1769 the fact that the fine country which had flourished under the most despotic and arbitrary government was verging to its ruin when the English had so great a share in the administration. —Keith, p. 57.

the provinces. Bad generalship and corrupt government at Madras were responsible for the humiliation of the military forces of the Company and the lowering of its prestige by Hyder Ali. The latter gained a notable triumph over the Company in the treaty of Madras in 1769.

The tales of oppression and of misgovernment were reaching the English shores and opinion was growing in favour of the regulation by Parliament of the affairs of the Company in India.

Clive himself suggested that the Crown ought to assume direct control, so also did Adam Smith who saw in it a means of enriching the English revenues.

The Indian situation was pressing itself upon the attention of the public in England, until in 1773 it seemed to be realised for the first time in England that a body of merchants was charged with the unusual and heavy responsibility of governing millions of men in a country several times as big as England.

Parliament, by a long series of Acts, the first of which was passed in the year 1773, proceeded to regulate the Company's administration of India. These Acts progressively *reduced the governmental power of the Company until "the substance of authority passed from the Company to the Crown. The Company reigned but in important matters did not govern."* This was the essence of the system of the double government, shared between the East India Company and the British Parliament, which lasted until 1858, when it was put to an end by the Parliamentary Act of that year which formally transferred the territories of India to the direct control of the Crown.

Parliament asserts its control

The Regulating Act, 1773

By the Regulating Act of 1773 Parliament recognised the territorial sovereignty of the Company and changed the constitution of the Courts of Directors and Proprietors. The old system of government in Bengal by a President and a Council was abolished and the responsibility was entrusted to the Governor-General of Bengal and a Council of 4 members who were vested with the powers of superintendence and control *in matters of peace and war* over the governments of Madras and Bombay which continued to be governed by a President and a Council. Decisions were to be by a majority of votes in the Council and were binding on the Governor-General. The Act also provided for a Supreme Court at Calcutta, independent of, and inevitably destined to quarrel with the Company's executive officers in India.

The first Governor-General appointed under this Act was Warren Hastings who had as his Councillors Lieut.-Col. John Clavering, Hon. George Monson, Richard Barwell and Sir Philip Francis. Sir Elijah Impey was appointed the first Chief Justice.

Its importance

The Regulating Act is important in many respects.* *It marked the beginning of direct interference by Parliament in Indian affairs.*

Secondly, it renewed the system of double government. By the passing of this Act responsibilities came to be shared by the East India Company and the British Crown.

Thirdly, Parliament took up the role of the trustee and the custodian of the rights of the Indian people and assumed responsibility for the welfare and advancement of the latter. This responsibility and trusteeship is professed by Parliament even to-day.

Fourthly, the Regulating Act also marks the beginning of the constitutional history of modern India.

Its defects

The provisions of the Act of 1773, as observed by Ilbert, were obscure as to the nature and extent of the authority exercisable by the Governor-General and his Council over the subordinate presidencies, as to the jurisdiction of the Supreme Court, and as to the relations between the Government of Bengal and the Supreme Court. Another defect was the provision which allowed the Governor-General to be outvoted and overruled whenever 3 members of his Council chose to combine against him. The Act was conceived in the best of spirit but due to the defects mentioned above it could not work well. So an early amendment became necessary.

Pitt's India Act, 1784—the Board of Control

The defects of the Regulating Act were sought to be remedied by the East India Bill of Charles Fox to whom the solution appeared to lie in an extension of the powers of Parliament and in an abridgment of the Company's rights. But his Bill was thrown out. A new Bill on India was brought forward for the consideration of Parliament by

* 'It was now patent that the East India Company was no longer merely a Company for the extension of commerce, but in reality a delegation of the whole power and sovereignty of Great Britain sent into the East.'—Keith, p. 68.

William Pitt who succeeded Fox. This Bill was passed into law although it followed, in the main, Fox's Bill.

Larger powers of control over the presidencies of Madras and Bombay were vested in the Governor-General in Council. The new Governor-General obtained powers to overrule the majority of his Council.

The Board of Control

In order that India's future might lie more immediately in the hands of the British Parliament than was provided for in the Regulating Act, *a Board of Control* was now set up. This Board consisted of six commissioners who were formally styled the Commissioners for the Affairs of India. The Board met for a time but soon its members ceased to assemble and the powers of the Board were exercised by the President who was the only ffective member. The Board was given the power *"from time to time to check, to superintend, and control all acts and operations and concerns which in any wise related to the civil and military government or revenues of the territories and possessions of the said United Company in the East Indies."*

From 1784 there were in London two offices occupied with the Indian administration; the East India House, in Leadenhall, was the home of the East India Company, while the Board of Control just established at Westminster, supervised on behalf of the British Government the Company's operations in India. Thus, 'dyarchy', as regards India, 'is not an invention of the twentieth century'.

The office of the Secretary of State for India evolved out of that of the President of the Board of Control of the old days, and the Council of India was the modern substitute of the Secret Committee of the Court of Directors provided for by the Act of 1784. The India Office has its origin in the amalgamation of the Company's headquarters in London with the office of the Board of Control. The modified government as set up by Pitt's India Act (1784) continued until 1858 with but slight changes.

The Company's powers further curtailed

Charter Act, 1793

The Charter Act of 1793 did not introduce many important alterations. The powers of the Governor-General in Council were defined and the Covenanted Civil Service was constituted.

Charter Act, 1813

In 1813 due to Lord Wellesley's victorious campaigns which resulted in considerable additions of territories and of debts as well, important questions awaited solution. English merchants, who did not belong to the United Company, clamoured for years past for a share in the rich trade with India and that demand could not be resisted for long. It was considered that the Company could ill afford to retain its commercial position as before because of the new responsibilities thrust upon it by Wellesley's policy of annexation. But the Company wrangled over its monopoly privileges. A compromise was at last arrived at and the Company had to be satisfied with its monopoly of the tea trade and the trade with China. The other commercial privileges that they exclusively enjoyed in India were now abolished and the whole country was now thrown open to traders of all classes subject to certain restrictions.

Charter Act, 1833

Twenty years later, in 1833, when the question of the renewal of the Charter came up again, it is worthy of note that while the *territorial possessions of the Company and also the revenues* were granted as on former occasions to the Company they were now *declared to be held by the Company "in trust for His Majesty, his heirs and successors for the service of the Government of India."* The monopoly of trade with China and the tea monopoly were abolished and the Company ceased to be a commercial body. *The Company becomes purely a political body from the year 1833.*

The Governor-General so long styled the Governor-General of Bengal now became the Governor-General of India. *"Henceforth the superintendence, direction and control of the whole civil and military government in India were expressly vested in the Governor-General of India in Council."*

Another member was added to the Governor-General's Council. He was not to be an employee of the Company and was expected to confine himself solely to the task of legislation. This was the Law Member. Macaulay was the first Law Member of the Governor-General's Council and his labours led to the formulation of the Indian Penal Code.

Charter Act, 1853

The last of the Charter Acts was passed in 1853. *The Charter was renewed not for 20 years as before but the Act simply provided that "Indian territories should remain under the Company in trust for the Crown until Parliament should otherwise direct."*

The wording of the Charter Act of 1853 showed that the Company's days were fast approaching an end. Each time the charter came up for renewal, Parliament, before it granted the Charter, wrested something more from what little power remained with the Company.

The Act of 1853 provided for the appointment of a separate Lieutenant-Governor for Bengal as distinct from the Governor-General. The Governor-General was thus relieved of his direct charge of the Presidency. The Act also provided for the constitution of a *legislative council consisting of 12 officials.*

Provinces were created under this Act and the power of defining limits of provinces was vested in the Governor-General of India in Council.

The Mutiny: India becomes a direct charge of the British Crown

The Company's misgovernment had alienated a large section of the Indian people and also a large portion of the Indian troops. The result was the rebellion in 1857 known in history as the Sepoy Mutiny.

The authorities in England saw the danger of continuing the Company's rule in the altered circumstances. So, after the suppression of the Mutiny India was brought directly under the Crown. By a proclamation (*The Queen's Proclamation of 1858*) Queen Victoria declared her intention of taking into her own hands the reins of Indian government.

The mutiny sharply divided the new India from the old but until the Reforms of 1919 the British administration in India followed the lines already drawn.

The Act for the Better Government of India, 1858—the final abolition of the Company

By the Government of India Act of 1858 the Board of Control, of which the only effective member was the President, was abolished. The Government of India, henceforth, was carried on by the Secretary of State for India, who was to be a minister of the British Crown. The Secretary of State for India was to be assisted by a Council of India consisting of experienced men with first-hand knowledge of Indian conditions. The Governor-General became also the Viceroy, the representative of the Crown in India. The governmental powers were to be exercised by the Governor-General in Council as before.

Subsequent Acts and constitutional reforms—The Growth of the Indian Legislature

One of the first measures of the new government was to remodel the Indian legislature which was first established in 1853.

The Indian Councils Act, 1861

The Indian Councils Act of 1861 is a landmark in Indian constitutional history and marks an important stage in the growth of the Indian Legislature because it gave non-officials a voice in making laws and it defined the scope and jurisdiction of the Indian legislature for the next sixty years, modified later in the Reforms of 1919. The powers of legislation which had been taken away from the Governments of Madras and Bombay by the Charter Act of 1833 were restored to them.

The changes introduced by the Indian Councils Act of 1861 and by the subsequent Councils Acts of 1892 and 1909 will be noticed in detail under "The Growth of the Indian Legislature." The Act of 1861 provided that for the purpose of law-making the Governor-General should nominate, in addition to the members of his Council, a number not less than 6 nor more than 12, *provided* that not less than one half of the persons so nominated should be non-officials.

It would be a mistake to think of the legislatures established under this Act as miniature parliaments or as containing within themselves the seeds of responsible government. Their functions were strictly limited to legislation which was, in practice, initiated by the executive and the councils were expressly forbidden to transact, entertain or discuss any business except legislative measures brought up before them. The Councils set up were mere committees for the purpose of tendering advice, *with regard to legislation*, which might or might not be accepted by the executive.

Another feature of the Act of 1861 is the power it gave to the Governor-General, still retained by him, in cases of emergency, to promulgate, on his sole responsibility, ordinances having, for a period not exceeding six months, the force of law. This power still survives and has been exercised extensively in recent times.

Indian Councils Act, 1892

The period, which intervened between 1861 and 1892, had seen many-sided progress in India. New universities were established. There had been a great extension of secondary education. Some amount of local self-government was introduced in the major provinces mainly due to the efforts of Lords Dufferin and Ripon. Meanwhile the Indian National Congress had been founded. It represented the educated and politically-minded Indians who were demanding constitutional reforms. Ultimately, the government also saw the necessity of making changes in the constitution of the Legislative Councils with a view to making them more popular and representative.

The Indian Councils Act of 1892 authorised an increase in the size of the Legislative Council and changes in the method of nomination.

The participation of non-official Indians in the legislature was extended and for the first time they were given a voice in the discussion of the finances and administration of the country.

Official control was not relaxed and the activities of the Councils even with non-officials in a minority were still strictly limited. They could merely debate and interrogate but could not in any way control legislation, finance or administration in India.

The Act of 1892 was very halting in its nature. There was still no approach to a parliamentary system.

Indian Councils Act, 1909—the Morley-Minto Reforms

Since 1892 events had moved fast. There had been further progress of education and the Indian National Congress had gained in power and influence.

The success of Japan, a small Asiatic country, in the Russo-Japanese War kindled new ambitions in India and India's educated young men began to see the vision of a new and triumphant nationalism in India which had its repercussions on the country's political life. There were political disturbances of a grave nature in Bengal following the partition of the province.

All these combined to make English statesmen feel that the constitution of the Government of India needed changes to meet the growing feeling in India in favour of a responsible national government.

The Indian Councils Act of 1909 (known as the Morley-Minto Reforms) was passed during the Viceroyalty of Lord Minto, at the instance of Lord Morley, the then Secretary of State for India. The principle of elections was directly introduced. The right of moving resolutions and voting upon the Budget as well as on all questions of public interest was conceded to the Legislative Councils. The new Councils were also given the right of putting supplementary questions. The official majority was abandoned in the provincial legislatures but was retained in the Imperial Legislative Council. At the same time the Governor-General in Council at the centre and the Lieutenant-Governors in the provinces were given sufficient powers to override the legislatures. Thus the Morley-Minto Councils were given increased opportunities to *influence* but not to *control* government policy and action.

An Indian was appointed for the first time to the Viceroy's Executive Council. Indians were similarly appointed to the Executive Councils of the provinces of Bombay, Madras and Bengal.

A much larger proportion of the Indian non-officials was introduced in the legislatures which should have given the people a better chance in their struggle for their rights but the benefit of the change was lost and great mischief was done by the introduction of the wholly obnoxious principle of communal representation.

The Indian people, instead of being united for their common interests, were divided, under the new Act. One community was ranged against the other. In this internal division lies the fundamental weakness of the Indian national movement. This principle, so very injurious to the cause of Indian unity and nationalism, has been later extended to other communities such as the Sikhs and the Indian Christians.

Between 1909 and 1916 three important statutes were passed, the effect of which has been to modify the vast structure of the Indian Administration.

(1) The Indian High Courts Act of 1911.

(2) The Government of India Act of 1912.

(3) The Government of India (Consolidation) Act of 1915 which has brought into harmony the long series of enactments which have built up the administration of India.

This period was marked by an increase in political discontent. A large number of men were interned or detained under the Defence of India Act. The Congress leaders, on the outbreak of the Great War, suspended political hostility in order not to embarrass the government at that hour of crisis.

India and the Great War

The Great European War was a powerful lever for the establishment of democracy. India's fight for Home Rule resulted in the acceptance by Britain of India's right to self-government.

The famous Montagu declaration, 20th August, 1917

On August 20th, 1917, Mr. Montagu, the then Secretary of State for India, made the following announcement in the House of Commons. *"The policy of His Majesty's Government with which the Government of India are in complete accord, is that of the increasing association of Indians in every branch of the administration and the gradual development of self-governing institutions with a view to the progressive realisation of*

responsible government in India as an integral part of the British Empire."*

He added that progress in this policy could only be achieved by successive stages. The British Parliament and the Government of India, on whom the responsibility lies for the welfare and advancement of the Indian people, must be judges of the time and measure of each advance and they must be guided by the co-operation received from those upon whom new opportunities of service would presently be conferred and by the extent to which it was found that confidence could be reposed in their sense of responsibility.

The principle of autocracy, i.e., government without the consent of the governed, *was maintained even under the Reforms of 1909. The Joint Report*† *for the first time recommended the introduction of the democratic principle in the government of this country.*

The Government of India Act of 1919‡

The Montagu-Chelmsford Reforms

The joint scheme was embodied in the Act of 1919 with a few modifications. The grant of full provincial autonomy was opposed on the ground that it could not be given immediately without inviting a breakdown of the constitution.

The authors of the Act were of opinion that progress in giving effect to the policy of Parliament to realise progressively responsible government in British India could only be achieved by successive stages. *They, therefore, pointed out in the preamble of the Act the expediency of granting to the provinces in provincial matters the largest measure of independence of the Government of India which is compatible with the due discharge by the latter of its own responsibilities.* It was,

* (1) British India is to remain an integral part of the Empire, (2) Responsible Government in British India is the goal of British Rule in India, (3) Responsible Government in India shall be progressively realised, (4) To achieve this goal, the steps recommended are (*a*) the increasing association of Indians in every branch of the administration and (*b*) the gradual development of self-governing institutions.

The Montagu Declaration is incorporated in the Preamble of the Acts of 1919 and 1935 and forms the bed-rock of British policy in India.

† Montagu-Chelmsford Report.

‡ The Government of India Act of 1919 created five new governor's provinces—the United Provinces, the Punjab, Bihar and Orissa, the Central Provinces and Assam in addition to the existing provinces of Bengal, Bombay and Madras. Two more provinces were later added to the list of governor's provinces—Burma and the N.-W. F. P.

therefore, in the provincial government that the first step in the direction of responsible government was taken.

But although the provinces were, to a certain extent, made independent of the Government of India, *it must not be supposed that they were handed over to the control of the representatives of the people.*

The authorities argued that the setting up of provincial legislatures for the first time with a majority of members directly chosen by an inexperienced and largely illiterate electorate was in itself a great advance over the Morley-Minto Reforms. They added, if the administration of all departments—including the Police, the Magistracy and the Revenue—was handed over to people inexperienced in the administration of their own affairs, there might be disaster.

This latter argument is based on a distrust of the capacity of the Indian people for governing themselves. But the government was committed, by the August Declaration of 1917, to the principle of progress ; so, some advance had to be made.

The Division of Subjects in the Act of 1919

A half-way house * which represented a *compromise between the principle of caution and that of progress* was set up. Accordingly, not all, *but only those subjects were given over to popular control which could be so transferred without endangering the safety of the British Administration in India.* The method followed was to sub-divide those subjects which had been classified as provincial into *"transferred subjects"* and *"reserved subjects"*.

The transferred subjects, e.g., *education, medical relief, sanitation, local self-government, etc.*, were removed from purely bureaucratic control and placed in the charge of Indian ministers under popular control and responsible to the popularly elected provincial legislatures to whom they were made answerable.

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* "The provincial machine was, as it were, in future to be driven from two perfectly distinct sources of power; impelled by an internal combustion engine and for other purposes by a motor receiving current from a distant dynamo. If the several functions clashed or overlapped obviously the component parts might be violently jarred. In such cases one or other source of power must be cut off. For this purpose the engineer-in-charge was given a control-switch. The Governor was to declare in any given case whether the right of action lay with the Indian Council-driven half or with the British Parliament-driven half of the Administration. Such, in brief, was the provincial scheme."—*London Times, India Number,* 1930.

The reserved subjects, as distinguished from the transferred subjects, *e.g., land revenue, administration of justice, police, prisons, finance and irrigation,* were still under purely official administration, *i.e.*, the Governor and his Executive Council over whom the people were given no control. Since the ultimate control and responsibility was reserved in the hands of the British Parliament, the Governor in Council was responsible to that body for the administration of these subjects.

Dyarchy

The Provincial Executive

The scheme of the Montagu-Chelmsford Reforms was that in each province the Executive should consist of two parts. By sec. 46 (1) of the Government of India Act of 1919, the government of a province was committed, in relation to *the reserved subjects, to the Governor in Council,* and in relation to *the transferred subjects, to the Governor acting with his ministers. This dual government was known as dyarchy.*

The first half of the Government, *the Governor in Council,* in charge of the administration of the reserved subjects and responsible to the British Parliament through the Secretary of State for India, was outside the control of the Provincial Legislature.

The other half of the Government was the *Governor acting with the ministers.* The ministers, chosen by the Governor from among the elected members of the Legislature, administered the transferred subjects for which they were responsible to the Legislature that controlled them by its power to reduce and refuse salaries and grants.

The Governor had to hold the balance "between divergent policies and different ideals and to prevent discord and friction". *He was, in some sense, "the hyphen that joins and the buckle that fastens" the two halves of government.*

The Provincial Legislature

Every Governor's province was given a legislative council with a President elected by itself. The legislative councils were greatly enlarged—the elective principle was further extended—nominated members being confined to only one-fifth of the total number of seats.

The Council had a life of 3 years which could be extended or cut short by the Governor.

The Provincial Legislature had the right, qualified though it was by large powers vested in the executive, to make the laws and to control the finances of the province. It had also the right of controlling the executive of the transferred half (*i.e.*, the ministers) but the reserved half was outside its control.

The failure of Dyarchy and the reasons why it failed

(1) Government is an organic whole and cannot be divided into water-tight compartments. Responsibility was blurred by the duplication of governmental authority. (2) A certain amount of friction between the two halves of the government was inevitable although in some provinces the difficulties were smoothed over by joint consultation. (3) The powers conferred upon the ministers were so restricted and circumscribed that it was impossible for them to act with energy or independence. (4) The lack of funds greatly handicapped the work of the Ministers in nation-building departments. (5) The Ministers had no collective responsibility which is an important principle of parliamentary government. (6) Ministers often failed to get effective support in the legislatures due to the absence of strong party organisations and, in the circumstances, as they depended more and more on the support of the official 'bloc' in the legislatures, they came to be regarded as 'government men' and not as popular ministers. (7) The Ministers had virtually no control over the services, particularly, over the Europeans. (8) Dyarchy never had a fair trial. It had to encounter popular hostility from the very start, first, from the non-co-operation boycott and later, from the Swarajists. (9) As *Sir Shafa'at Ahmed Khan* points out, the ministers could not move and breathe freely in the Provincial Secretariats where the Central Government loomed large. They wanted not the shadow but the substance of autonomy. *The Indian Federation*, p. 24.

CHAPTER II

1919 AND AFTER

The Government of India Act, 1919 and its provisions were essentially transitional. The intention of its makers was not to set up a new and permanent constitution, but to make such changes in the law as would lead to '*the progressive realisation of responsible government in British India as an integral part of the British Empire.*'

The dissatisfaction of political India with the Reforms of 1919 was expressed at the session of the Indian National Congress at Amritsar. Indian leaders felt that Britain had not fulfilled her pledge. The irresponsible government at the centre and the hybrid form of government known as Dyarchy in the provinces came in for strong criticism.

The progress of events in India under the Act of 1919 has been marked by ceaseless efforts on the part of the Indian politicians to secure further reforms.

The Non-co-operation Movement of 1921

To give expression to the indignant feelings of an already dissatisfied people—the indignation caused by the Martial Law regime in the Punjab and by the dismemberment of the Turkish Empire—Mahatma Gandhi inaugurated the non-co-operation movement in 1921 advocating a boycott on political, economic and moral grounds. Intoxicating drinks, foreign cloth, the 'Reformed' Legislatures, the law courts and the educational institutions were all placed under the ban. Hindu-Muslim unity, the removal of untouchability, the use of the home-spun, arbitration of disputes and national education formed the major planks of the constructive part of the non-co-operation programme.

The movement failed to achieve the ultimate end, Swaraj, but was able to create *a political consciousness* among the people and to rouse the dumb millions of India from their 'pathetic contentment'.

The Swarajists

The apparent failure of the movement led a section of the Congressmen headed by Deshabandhu C. R. Das and Pundit Motilal Nehru to advocate a change of policy. They urged a relaxation of the boycott of councils and favoured the entry into the legislatures with the avowed object of destroying them from within by persistent obstruction to government. The party which they formed became known as the Swarajist party. The Swarajists contested the general elections of 1923 and were returned in overwhelming majority in Bengal and in the Central Provinces. They also secured a working majority in most other provinces and in the Legislative Assembly.

The National Demand

In 1924, the Indian Legislative Assembly passed a resolution, sponsored by Pundit Motilal Nehru, leader of the Swarajists in the Assembly, embodying the National Demand. The demand, which was reiterated by the Assembly in 1925, was for a responsible form of government for India closely following the Dominion type and suggesting a Round Table Conference between the representatives of Great Britain and the Indian leaders for this purpose.

With Lord Irwin's arrival in India in 1926 the prospects of peace apparently improved. But events took an entirely different turn.

Simon Commission

In accordance with the provisions of the Government of India Act, 1919, the British Government appointed a Royal Commission in 1927 under the Chairmanship of Sir John Simon to enquire into the working of the Reforms. The Commission did not contain a single Indian member. This was regarded as an affront to the country and moderates and extremists combined in boycotting it.

The Simon Commission completely ignored the intensity of the national demand for Dominion Status and a responsible Government at the centre, and instead of allaying political discontent, aggravated the situation and intensified the demand for complete independence and severance of the British connection.—(Shafa'at Ahmed Khan—*The Indian Federation*, p. 11).

Nehru Report

Meanwhile, an All-Parties Conference in India, in answer to an insolent challenge by Lord Birkenhead, the then Secretary of State for India, had appointed a committee under the Chairmanship of

Pundit Motilal Nehru to produce an agreed constitution for India. The report issued by the Committee is known as the Nehru Report.* It demanded immediate Dominion Status for India and pleaded for joint electorates with reservation of seats. The Nehru Report did not find favour with the left wing of the Congress who pressed for complete independence.

The Simon Commission Report failed to satisfy political India on the question of central responsibility. The Nehru Report, on the other hand, aroused the suspicion and hostility of the Muslims, the Indian rulers and the European capitalists.

The Congress Demand of 1928: Lord Irwin's Declaration of 31st October, 1929

In the Congress at Calcutta in 1928, the extremists were pacified by Mahatma Gandhi's announcement that if India was not given Dominion Status within 1929, he would himself lead the campaign for Independence.

On the 31st October, 1929, even before the publication of the Simon Report, Lord Irwin made an important pronouncement to placate and soothe Indian feelings.† He announced that the goal of India was Dominion Status and invited the representatives of India to a Round Table Conference in London to take part in the making of the new constitution for India. This course was taken to remove the sense of insult and inferiority felt by the Indians.

Meanwhile, the Congress had become more extremist. Even Moderates had turned extremist. Neither would be satisfied with a mere statement of the goal. None would wait for *'the progressive realisation'*—everybody stood for the *immediate* realisation of Dominion Status in India.

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* "It was one of the best constructive efforts made in India and placed an ideal before the country which can never be replaced."—*The Indian Federation*, p. 12.

† *Lord Irwin's Declaration of 1st October, 1929.*

"It is the desire of the British Government that India should, in the fulness of time, take her place in the Empire in equal partnership with the Dominions. But in view of the doubts which have been expressed both in Great Britain and in India regarding the interpretation to be placed on the intentions of the British Government in enacting the statute of 1919, I am authorised on behalf of His Majesty's Government to state clearly that, in their judgment, *it is implicit in the Declaration of 1927 that the natural issue of India's constitutional progress, as there contemplated, is the attainment of Dominion Status.*"

Dominion Status

Dominion Status is the status enjoyed by the great self-governing Dominions of Canada, Australia, South Africa, New Zealand and the Irish Free State. In relation to Great Britain *"they are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations."*

They are, thus, the equals of Great Britain and not her inferiors. Their association with Great Britain is free and voluntary.

The Dominions govern themselves (enact and enforce laws, administer justice, maintain armies and navies, conduct foreign relations) virtually free from the control of Great Britain. The King is the only bond. This bond is entirely personal. The King when he acts in relation to any of the Dominions, acts on the advice of the ministers of the Dominion concerned and not on the advice of his British ministers.

The failure of British statesmanship in 1928

The greatest failure of British imperial statesmanship in recent years in India occurred in 1928 when it refused to accord Dominion Status to India. On that failure has thrived the movement for Indian freedom.

Indian political aspirations have since then been nourished on ideals other than Dominion Status.

The Campaign for Indian Independence—the Civil Disobedience Movement

As the British Government failed to respond to India's national demand, the Congress at Lahore adopted a resolution affirming complete independence as India's goal and Congress under the leadership of Mahatma Gandhi embarked upon the civil disobedience movement.

On the 12th March, 1930, Mahatma Gandhi set out on his famous march from Ahmedabad to the sea-coast (Dandi) where he broke the salt laws.

Within a short time the movement was in full swing. There were numerous arrests and before the close of the year, 50,000 persons were in jail for having joined the movement.

Lord Irwin's government was assailed on all sides. In England they condemned it because it was weak, in India it was condemned because it was repressive.

The Simon Report

In June, 1930, the Simon Commission published its report in two volumes. The Report was almost universally condemned in India—because its recommendations fell far short of Indian demands.

Events in India and in England moved rapidly.

The Round Table Conference

The Round Table Conference * which met in London on the 12th November, 1930, was the culminating point of a world-wide interest in the Indian political struggle.

The *features* of the first Round Table Conference were: (1) the *absence of Congress representatives,* (2) *the unanimous demand of Indian delegates,* of the princes and of the people of India, *for Dominion Status,* (3) *the plan of an All-India Federation* sponsored by the Princes and accepted by the Conference and (4) *the Prime Minister's declaration* at the end of the Conference that the intentions of the British Government were *to place the responsibility of the Government of India, central as well as provincial, ultimately on the Indian legislatures subject to such reservations and safeguards*† *as might be necessary until responsibility was completely transferred.* The Conference plan, in a sentence, is *'Responsibility with Safeguards for an All-India Federation'.*

At the conclusion of the Conference, the delegates returned home to secure support for the Conference proposals.

But in India the Congress was in a state of war with the Government. To secure a fair and dispassionate examination of the Conference proposals in India, a calm atmosphere was necessary. The Conference delegates, specially the Rt. Hon. Mr. Srinivasa Sastri, Sir Tej Bahadur Sapru and Mr. M. R. Jayakar, helped considerably in bringing about that atmosphere.

The Gandhi-Irwin truce

Early in 1931 the Government lifted the ban on the Working Committee of the Congress and released the leaders unconditionally.

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* The Round Table Conference was inaugurated by the King Emperor in person in the Royal Gallery of the House of Lords on the 12th November, 1930 amidst royal splendour. There were 86 delegates in all: 16 from the Indian States, 57 representing British India and 13 from the British political parties.

† **The safeguards in the new constitution of India**
The 'safeguards' discussed at the Round Table Conference include the special arrangements for British control of India's army and foreign affairs and British intervention if necessary for maintaining India's financial credit and internal security, the protection of minorities and of European trading rights. Several of the safeguards are for emergencies and are only to be used, if at all, during the transition period so long as responsibility is not completely transferred.

The *pourparlers* between Mahatma Gandhi and Lord Irwin bore fruit in a truce between the Government and the Congress in March, 1931. The Civil Disobedience movement was suspended and Congress agreed to take part in the second Round Table Conference on Lord Irwin's assurances that the *safeguards* in the new constitution would be *in the interests of India,* and on the Government's conceding to Congress demands. For instance, in salt areas the people's right to manufacture salt was recognised, the right of picketing in a peaceful manner was admitted, non-violent prisoners were released, confiscated properties were restored and unrealised fines remitted.

The Congress and the Second Round Table Conference

In April, Lord Willingdon arrived in India as the Viceroy to relieve Lord Irwin who left the country amid many tributes to his statesmanship.

At first Mahatma Gandhi refused to sail for England alleging that the Government had broken the Gandhi-Irwin agreement but was induced later to sail on the 29th August, 1931. At the Round Table Conference, Mahatma Gandhi asserted the claim of the Congress to speak for India and made a moving appeal for India's freedom. The Congress demands were unacceptable to the new Government which had by then taken the place of the Labour Government. The Conference thus broke up. It also failed to solve the communal problem. Mahatma Gandhi, greatly dissatisfied and sorely disappointed, returned to India at the close of the year.

Within a few days of his return Mahatma Gandhi was imprisoned along with all prominent Congress leaders. The Civil Disobedience Movement was renewed.

The Prime Minister's Communal Award

In the middle of 1932 the Prime Minister announced his award (known as the Communal Award) for the representation of the various communities in India some of which were seeking recognition of their rights in the new constitution. The Award was particularly vicious because it tended to perpetuate the division among the two principal communities, the Hindu and the Muslim. It not only retained the separate communal electorates for Muhammadans in the teeth of Nationalist Muslim opposition but also extended them to Indian Christians and to Indian women although they had expressed their strong opposition to their dismemberment from the Indian body politic.

The Indian objections are not merely to *the communal electorates** but also to the manifestly *unfair distribution of seats* to the various communities. The Award has aroused the hostility of all sections in India with only one exception, the Europeans, who have got under the award more than they are entitled to and has caused considerable dissatisfaction to the Hindus in Bengal who get only 80 out of 250 seats in the Provincial Assembly.

Perhaps *the worst feature of the Award is where it seeks to estrange the various communities in India by separating them for electoral purposes.*

The Revision of the Communal Award—the Poona Pact

As a protest against the Prime Minister's award which wanted to dismember Hindu society, Mahatma Gandhi grimly resolved to fast himself unto death. The fast ended with the revision of the Communal Award by the Prime Minister who accepted a pact arrived at in Poona between caste Hindu and depressed class leaders whereby separate electorates were abolished but the depressed classes got larger representation.

The Poona Pact and Bengal

In Bengal, the caste Hindus are insistent on a revision of the Poona Pact and of the Communal Award. The Poona Pact gave the depressed classes 30 seats in Bengal, a representation greatly in excess of their population. Though politically, culturally and socially the Hindus are the most advanced community in Bengal, under the award they have been reduced to the position of a permanent and impotent minority in their own province. This cannot but have very unfavourable reactions on the working of the new constitution, drawing them perhaps to a position of intractable hostility. Though forming 45% of the population of Bengal the Hindus have got only 32% of the seats.

The Third Round Table Conference

Towards the end of 1932 the Third Round Table Conference was held in London without the Congress participating in it.

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* The most effective criticism of the communal electorates in India is to be found in the Montagu-Chelmsford Report (paras. 227—232) which declared that (1) *the communal electorates were opposed to the teaching of history,* (2) *they perpetuated class division,* (3) *they stereotyped existing relations,* (4) *they constituted 'a very serious hindrance to the development of the self-governing principle'.*

The White Paper

The Round Table Conferences were followed by the issue of a White Paper in March, 1933 embodying *the proposals of the British Government before Parliament on the subject of Indian constitutional reforms.* In formulating these proposals the British Government had in mind not only Indian interests but also British interests in India and were guided by the work of the various Conferences and Committees.

The Joint Select Committee and After

These proposals were examined by a Joint Select Committee consisting of members of both Houses of Parliament aided by certain Indians as assessors with power to examine witnesses but with no power to vote.

The Joint Select Committee's report, published in 1934, supported the White Paper proposals for Indian constitutional reforms and suggested only a few changes.

The new Government of India Act, based on the Report of the Joint Select Committee, was passed by Parliament and assented to by the King on the 2nd August, 1935.

The Government of India Act, 1935

The new reforms have been inaugurated in the provinces from April, 1937, but no date has yet been fixed for the establishment of the federation. The most important features of the new constitution in India are

(a) *The Federation of India.*

(b) *Provincial Autonomy.*

(c) *Responsible Government.*

(d) *Safeguards.*

(e) *Separation of Burma.*

CHAPTER III

AUTHORITIES IN GREAT BRITAIN

Sovereignty of India

India is governed in the name of the British Crown. The King is the titular head of the British consitution and though there are very large powers reserved to the Crown, these are rarely used by the King on his own initiative. It is the King's minister or ministers who exercise them in the King's name but, in fact, on behalf of the British people to whose representatives in Parliament they are responsible for their acts. *The sovereignty of India is, therefore, vested in the King in Parliament.*

The Imperial Government and India

According to law and theory, Parliament controls Indian administration but in practice the British (or Imperial) Government and members of Parliament do not interfere nor do they take interest in Indian affairs unless something which affects them or the British Empire is involved. Usually it is in India that decisions are made and measures formulated affecting the life and welfare of the people. The British Government has usually shown a tendency to leave to its representatives in India—the bureaucracy—the detailed management of Indian affairs.

The Indian people in the days of the Company welcomed Parliamentary control as a very healthy check on the Company's officials in India. Later on, there has been a very noticeable and decided change in the Indian view-point. The nationalists now resent any form of foreign control of the country, be it by Parliament or by any other body. The resentment is the greater because it has been found that even in matters vitally affecting India, Parliament, in spite of its professed "responsibility for the moral and material progress of the Indian people", has not exercised its power of control but has left the government to be carried on by the officials in India much as they pleased.

The Secretary of State for India

The minister who advises the Crown in all matters relating to India, and through whom the authority of the Crown and Parliament over India is exercised, is the *Secretary of State for India.** *He stands at the top of the Indian administration.* He is a member of the Cabinet, a member of the King's Privy Council and a member of Parliament. As a member of the British Cabinet, the Secretary of State must see that his Indian policy is in agreement with the general policy of the Cabinet. In cases of sharp differences of opinion between him and the Cabinet, he has to resign as Mr. Montagu did. But such differences occur very rarely because all of them belong to the same party and have, broadly, a common policy and outlook. The salary of the Secretary of State for India is paid out of the money provided by Parliament and not out of the revenues of India. He is *assisted* in his work *by two Under-Secretaries. One of them, the Parliamentary Under-Secretary,* like the Secretary of State, is appointed by the Crown. He assists his chief, the Secretary of State, in his parliamentary work and defends him against criticisms in Parliament. He is also a party man and has a seat in Parliament and goes with other members of the cabinet as they cease to enjoy the confidence of the House of Commons. *The other is the Permanent Under-Secretary* who is a member of the British Civil Service, has a permanence of tenure and has no seat in Parliament. He is a non-party man and his experience is made available to the changing Secretaries of State.

The Secretary of State in the old Constitution—his powers and duties

Till the proposed Federation of India is established *the Secretary of State is the adviser of the Crown and he is also the agent of Parliament with regard to Indian affairs* but not in provincial matters generally. He is vested with '*the general powers of superintendence,*

* Since the separation of Burma from India, the Secretary of State for India has been acting also as the Secretary of State for Burma.

direction and control over all acts, operations and concerns which relate to the government or revenues of India'. The Governor-General of India is required to pay due obedience to such orders as he may receive from the Secretary of State for India. The Government of India is thus completely subordinate to the Secretary of State.*

In this administration the Secretary of State was until recently guided and assisted by a body known as the Council of India, consisting chiefly of retired officials from India.

The Secretary of State in the new Constitution

In the new constitution the Secretary of State for India remains, as before, the chief adviser of the Crown and its responsible agent for the exercise of all authority vested in the Crown in relation to the affairs of India.

Abolition of the Council of India--Relaxation of the control of the Secretary of State

But as the responsibility for the government of India is transferred to the Indian ministers, there must be a relaxation of the control of the Secretary of State and his Council over Indian affairs. Indeed, the Council of India becomes an anomaly because *its position is inconsistent with the ministerial responsibility in India.*

The Secretary of State and his Advisers

Under section 278 of the Government of India Act, 1935 *the Council of India is dissolved with the establishment of Provincial Autonomy, i.e., with effect from 1st April, 1937,* but the Secretary of State is authorised to appoint *a body of advisers* not less than three nor more than six in number to *advise him on any matter relating to India on which he may seek their advice.*

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* Though the powers vested in the Secretary of State were vast and various *it was an "error to suppose that the Secretary of State is constantly interfering in the ordinary work of Indian administration."* Events may move fast, decisions may have to be taken quickly. The Government of India cannot emulate the station master who telegraphed to his superior officer "Tiger on station platform; please send instructions." "The Secretary of State for India" observed Chailley, a shrewd French commentator, "watches, from a lofty and distant position, the ebb and flow of the Indian tides. Charged by Parliament with the control of the Government of India, his deliberate attitude towards that body is neither hostile nor complacent. He watches; he consults; sometimes he intervenes in what the Government of India considers an irritating manner."

At least one half of the advisers should have served in India under the Crown for not less than 10 years and must not have left India more than 2 years from the date of their appointment. These advisers are to hold office for 5 years and are not eligible for re-appointment. They shall not be members of Parliament and shall receive a salary of £1350 a year with a subsistence allowance of £600 for members of Indian domicile.

Relations between the Secretary of State and his Advisers

The new advisers will be completely subordinate to the Secretary of State. *The Secretary of State has full discretion to consult his advisers either collectively or individually. He may not consult them at all. Even when he consults them he is not bound to act on their advice except in such matters where he is required by the Constitution to act in accordance with the decision of the majority* (*e.g., control over the Services in India.*)

The position of the Secretary of State for India in the New Constitution

A contrast may be made between the position of the Secretary of State in the old constitution and his position in the new. *In the old constitution the Government of India was completely subordinate to the Secretary of State in all matters, civil and military.* This secured, in effect, the control of the Secretary of State over the Provincial Governments as well (except in the limited sphere of the transferred subjects) the latter being merely agents of the Central Government.

Under the new constitution the introduction of provincial autonomy releases the provincial governments from the control of the Central Government and the Secretary of State. *The Federal Government and the Provincial Government will be independent of each other and of all outside control within their respective spheres.*

Each provincial government derives its authority from the Constitution Act independently of the Government of India and of the Secretary of State and shall no longer be his mere agent.

The introduction of partial responsibility at the Centre and of complete responsibility in the Provinces will delimit the authority of the Secretary of State in these spheres. In so far as these governments are carried on by responsible Indian ministers who are accountable only to the Indian legislatures, be it at the Centre or in the Provinces, there can be no question of subordination of the Government to the Secretary of State. Hence *under the new constitution the Federal Government*

as such or the Provincial Government as such is not answerable to the Secretary of State.

Responsibility of the Governor-General and the Governors to the Secretary of State

But the Governor-General of the Federation and the Governors of the Provinces shall be responsible to the Secretary of State for *the exercise of their special powers or when they act in their own discretion.*

The Responsibility of the Secretary of State for the Government of India

The Secretary of State for India, in the British constitution, is always a member of the Cabinet and of the British Parliament and is, in his turn, responsible to them.

India Office

By "India Office" is meant the establishment in London of the Secretary of State for India. Besides the two Under-Secretaries already referred to, the Secretary of State has an Assistant Under-Secretary. At present there is a Deputy Under-Secretary too. There are several departments in the India Office for each of which there is a departmental Secretary, an Assistant Secretary and a staff of clerks. These departments deal with (1) Finance, (2) Military matters, (3) Political and "Secret" matters, (4) Judicial and Public matters, (5) Revenue and Statistics, and (6) Public Works.

There is thus at the India Office a triple cord—the Secretary of State, his advisers, and the India Office permanent officials. The India Office is at Whitehall, London.

The Government of India Act lays down that the salary of the Secretary of State must be paid out of money provided by Parliament. The salaries of his Under-Secretaries, Advisers and subordinates are also paid out of money provided by Parliament since the introduction of Provincial Autonomy. The British Treasury also makes a large grant-in-aid towards the maintenance of the India Office.

In the new constitution the Federal Government of India shall pay to the British Treasury the expenses for the performance by the India Office of certain functions on behalf of the Indian Government.

Parliament and the Secretary of State

With all the enormous powers vested in him the Secretary of State is no more than an agent of Parliament appointed to look after the administration of India. The Secretary of State, we have seen, is paid out of money provided by Parliament and to Parliament he is

responsible for his acts in relation to the Government of India. Parliament possesses a very real power of check upon the exercise of authority by the Secretary of State for India.

Questions* concerning the Government of India may be asked in the Houses of Parliament. Any member of Parliament can initiate discussion on India and the Secretary of State for India may be asked to defend his administration. If he fails to gain the support of a majority in the House of Commons, he is to resign office in accordance with the constitutional practice in England.

But as a matter of fact though Parliament had the power, it seldom had the will to exercise any real check on its agent who was generally left free to tackle the problems of Indian administration as best as he could in consultation with the officials in India. Things are however changing and India is attracting more and more attention of the British Parliament as well as of the British public.

The High Commissioner for India

The High Commissioner for India† is the agent of the Government of India in Great Britain. He acts under instructions from the Government of India and his establishment which is entirely separate from the India Office, is located in the India House, Aldwych, London.

Section 302 of the Government of India Act of 1935 provides that the High Commissioner for India shall be appointed, and his salary and conditions of service prescribed by the Governor-General, exercising his individual judgment. A High Commissioner holds office for 5 years and is eligible

* "To give an example, the questions put in one day recently included enquiries about child mortality in India, the Indianisation of the army, proposed railway extensions, the details of a recent riot in India, the treatment of prisoners in jails, the salaries of officials, the growth of Indian mercantile marine, the intentions of Government as to forthcoming legislation, and the export of live monkeys." The India Office—Sir Malcolm Seton, K.C.B.

† It was felt at the time of the Reforms of 1919 that a demarcation should be made between the agency work of the India Office and its political and administrative functions and that the appointment of a High Commissioner would effectively safeguard India's interests and would commend itself to all classes of opinion in India as marking a step towards Dominion Status.

for re-appointment. The salary attached to the office is at present £3000 a year to be paid out of the Indian revenues. He is empowered to appoint his own staff.

The Functions of the High Commissioner

• *The High Commissioner*

(1) shall perform such functions in connection with the business of the federation and, *in particular, shall make contracts* as the Governor-General may from time to time direct or

(2) may, with the approval of the Governor-General, perform similar functions on behalf of a Province or a Federated State.

The Indian Stores Department and the Indian Students' Department have been transferred from the India Office to the High Commissioner. The High Commissioner for India has also the Indian Trade Commissioner attached to his staff to promote trade overseas. Indians who are stranded or destitute may also look to the High Commissioner for assistance.

Summary

The sovereignty of India is vested in the King in Parliament.

The Secretary of State for India is the constitutional adviser of the Crown in all matters relating to India. He was formerly assisted by the Council of India which has been abolished and is replaced by a body of advisers. The control of the Secretary of State has been considerably relaxed.

There is also *the High Commissioner for India* acting as the agent of the Government of India in London.

CHAPTER IV

THE FEDERATION OF INDIA

The most outstanding feature of the new Constitution Act (the Government of India Act of 1935) is the provision it makes for the establishment of a Federation* under the Crown to be known as the Federation of India.

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* The Federation of India will be established by a Royal Proclamation on an address being presented to His Majesty by each House of Parliament.

The Federation will not come into being unless a number of states (1) representing not less than half the aggregate population of the states and (2) entitled to not less than fifty-two seats in the Council of State signify their assent to accede to the Federation.

The nearest likely date of the new Indian Federation is 1940.

The Indian Federation

In India the *size of the country, the diversities of race, language and religion, the historical traditions, the social background* and *the political situation make a federation imperative.*

Also, *the policy of constitutional development in India is towards federation.* From the early attempts at centralisation beginning with the Regulating Act of 1773 we come to the climax during Lord Curzon's Viceroyalty and a reaction therefrom. Thenceforward there has been a decentralisation of authority (following the recommendations of the Decentralisation Commission) and a devolution of power. Dyarchy has been a definite stage in this evolution and the signs were unmistakable that the movement was towards a British Indian Federation with provincial autonomy as its basis.

But if a federation is the most suitable and natural form of government for British India, it is the only possible form for all India. The presence of the Indian states makes the All-India federation the only choice before us.

The picture of an Indian Federation was thus visualised in the Montagu-Chelmsford Report.

'Our conception of the constitutional future of India is a *sisterhood of states, self-governing* in all matters of local or provincial interest. Over the congeries of states would preside a central government representative of and responsible to the people dealing with matters, internal and external, of common interest to the whole of India. In this picture there is a place also for the Indian States.'

The Nehru Report also considered the idea but regarded *it as a distant ideal* taking care to add that the states should join, if they

The Features of the Indian Federation.

(1) The constitution is both written and rigid.

(2) There is a division of powers between the Federal and Provincial Government.

(3) There is also a Federal Court to see to the due observance of the constitution by the Federal and Provincial executives and the legislatures and for the interpretation of the constitution in cases of doubt or disputes. *The three characteristics mentioned above are the normal features of every true federal government.* (Joshi).

The Indian Federation has, besides, some *special features* of its own.

(4) Federation has been normally a process of union. In India, federation has come not through uniting but through a process of breaking up. India has lived under a strong centralized and unitary government since the early days of British Rule. This strong centralised government was gradually breaking up for convenience of administration into local units in the provinces. These eleven provinces have been declared autonomous for the purpose of federalising. The historical

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join at all, on terms of absolute equality. The Simon Commission also accepted the federation as a distant ultimate ideal.

The whole scene was transformed at the Round Table Conference when in a passion for Indian unity there was a remarkable unanimity among the Indian delegates in support of this ideal which was accepted at the conference by His Majesty's Government as the basis of the new constitution.

The two aspects of the Indian Federation

(a) Viewed as a union of India's semi-sovereign states and autonomous provinces it is a federation of 350 millions and is, as the Maharaja of Kashmir reminded us, a great force towards the maintenance of *world peace*.

(b) Viewed again as the birth of a *new nation-state* as the result of a union of British India with Indian India the Federated or united India satisfies the ideals and aspirations of a subject people, moved at first by *racial self-respect* and then by the *poverty of its masses*, seeking to realise itself as a nation and to achieve self-government.

The transfer of responsibility to Indians is conditional on the acceptance of federation.

process has been reversed in the case of India. The aims of the Indian federation have not been the aims which have inspired the process of federation.

(5) The Indian Federation shall not have the power to amend or change the constitution. The power to amend shall lie with the British Parliament.

(6) The units of the Indian federation are not similar in status and character.

The Indian states differ from the Britsh Indian provinces in many respects. The states are mostly under personal rule —undemocratic and backward. The British Indian provinces are under responsible government of a limited kind. The Indian Federation will thus be a union between autocratic rulers and more or less democratic governments with no common citizenship for all the citizens of India.

(7) The Federal Government shall not have the same powers or jurisdiction over all members of the federation. In the case of the British Indian provinces they shall all come under the same and identical control and jurisdiction of the Federation. In the case of the states, that jurisdiction shall extend only to so much of the affairs of the state concerned as its ruler would consent to accept.

(8) In all good federations the upper chamber of the legislature secures equality of status of component states by giving equal representation to all, irrespective of their size and population. The unity of the federal state and of the federal government is secured in the lower chamber where members are elected by the citizens of the federation as a whole on a population basis.

The upper chamber is to secure equality and independence of the member states the lower chamber is to secure the sense of national unity.

In the proposed Indian federation both the principles have been set at nought. There is no equality of representation in

the upper chamber. In the lower chamber the election instead of being direct is indirect and thus the federation is removed from direct and organic contact with the citizens.

(9) Throughout the new constitution, the shadow of the old order, when India was under a strong centralised government haunts and pursues the Indian citizen. An arbitrary powerful executive authority always remains in the background.

The Federation of India

In the Federation will be united

(1) *the Governor's Provinces* and the Chief Commissioner's Provinces and

(2) such of *the Indian States* as have acceded* or may accede to the Federation.

The executive head of the Federation shall be the Governor-General who will have *special responsibilities.*

The Governor-General shall be aided and advised by a *Council of Ministers.*

There shall also be a *Federal Legislature* consisting of (*a*), His Majesty, represented by the Governor-General and (*b*) two Chambers—the *Council of State* and the *House of Assembly.*

There shall also be established a *Federal Judiciary.*

*** Accession of the States to the Federation**

Accession to the Federation by the States will be left to the option of their Rulers. The Act does not make any State a member of the Federation, it only prescribes a method whereby a state may accede. The Rulers who will agree to join will have to *execute an Instrument of Accession.* In this Instrument the Rulers will (1) *acknowledge the right of the Federal authorities to exercise such functions within the state as the Rulers expressly assign to them;* (2) specify which of the matters mentioned in the Federal Legislative List they will accept as matters with respect to which the Federal Legislature may make laws for their states and their subjects; and (3) assume the obligation of ensuring that due effect is given to the provisions of the Act in their states.

I. The Federal Executive

The executive power and authority of the Federation is to be exercised by the Governor-General as the representative of the King.

In framing the new constitution, the principle was accepted that the Federal Executive should be, in some measure, responsible to the Federal Legislature, but that this responsibility shall not extend to all matters.

The new Dyarchy at the Centre

The Federal Executive will be composed of two parts—one part shall consist of the Governor-General and his Counsellors, numbering not more than three, and *having exclusive charge of the 'Reserved Departments'; the other part* will be the *Governor-General advised and guided by Ministers* chosen from the dominant party in the Legislature and responsible to it for the administration of subjects transferred to it. *A dyarchy will be set up.*

The Governor-General

The Government of India Act places on the Governor-General a very heavy burden of responsibility. He is regarded as the *'keystone of this mighty arch'.*

The Governor-General* shall be appointed by His Majesty and shall at the time of his appointment receive an *Instrument of Instructions* from the Crown directing him as to the way his functions are to be exercised.

He shall derive his power and authority from the Act itself. He shall also enjoy such prerogative powers of the Crown as His Majesty may be pleased to delegate to him.

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* The title Viceroy has not been used anywhere in the Act of 1935 or in the warrant of appointment. It is a *courtesy* title and will continue to be used as such in practice.

Section 3 makes a distinction in his dual office. The Viceroy, as Representative of the Crown in India, will exercise powers of paramountcy outside the Federal sphere over non-federated States, as well as in non-federal subjects of Federated States. As the Governor-General of the Federation he will be the executive head of the Federation exercising powers and duties allotted to him by the Act of 1935 in accordance with the Instrument of Instructions which he will receive from the King.

All executive action of the federal government shall be taken in the name of the Governor-General and, *in particular*, the Governor-General shall administer *the reserved subjects.*

The Governor-General, *besides being the head of the civil administration, shall also have the supreme command over military, naval and air forces in India.* The Commander-in-Chief shall be appointed by His Majesty.

In the provinces and in the Indian states the authority of the federal executive extends only to those matters which are under federal control. *The federal executive power extends to all matters in which the Federation has legislative power, to the control of military, air, and naval forces, and the exercise of the powers of the Crown over the tribal areas on the frontier.*

The Council of Ministers

There shall be a *Council of Ministers,* not exceeding ten in number, to be chosen and summoned by the Governor-General from among the members of the Federal Legislature, to aid and advise him in the exercise of his functions. The Ministers shall hold office during his pleasure and shall receive a salary to be determined by the Legislature but which is not to be varied during their term of office.

The Governor-General shall choose his ministers in consultation with the leader of the party with a majority in the Legislature from among those who, collectively, shall command the majority in the Legislature. The ministers shall be responsible to the Legislature and answerable to it. The Governor-General shall be instructed to include representatives of the states and of minorities in the Council of Ministers.

The Governor-General shall by all possible means encourage joint consultation with a view to common action between the Federation, Federated States and the Provinces.

Normally, the Governor-General will act on the advice of the Council of Ministers as he shall be 'instructed' to be guided by the advice of his Ministers.*

The 'Transferred' Subjects

All subjects are to be transferred to the control of ministers excepting those which are expressly reserved by the Act

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* *He is to be guided by the advice of his ministers unless so to be guided would be inconsistent with the fulfilment of any of the functions in which he is to act in his own individual judgment.*—Instrument of Instructions to the Governor-General.

The Reserved Subjects

But in matters relating to (a) *defence*, (b) *external affairs* (other than the relations with the Dominions), (c) *ecclesiastical affairs* and (d) *the administration of tribal areas*, which are *'the reserved subjects'*, *the Governor-General is to act at his discretion* and has the power to appoint *Counsellors,* not exceeding three, to aid him. These Counsellors will be responsible to the Governor-General alone.

In the administration of the reserved subjects, the Governor-General is not forbidden to consult his ministers before making his decision. The ministers, although they have not the right, may give their advice, which is not binding on him.

He has also the power to appoint a Financial Adviser to advise him on his special financial responsibilities, and he is to appoint the Advocate-General of the Federation to advise the federal government in legal matters.

As head of the Federal Executive the Governor-General will, in great many cases, be bound by the advice of his Ministers, who will be responsible to the Federal Legislature. But in other cases he will not be so bound.

These cases are divided into two categories. He will act in some *in his discretion* and need not consult his Ministers thereon. In others he will act *in the exercise of his individual judgment.* Here he must consult his Ministers but he decides for himself.

In the new diarchy, the Governor-General, aided by his Counsellors, will control the Reserved Departments and shall act in his own discretion. All other departments shall be administered by the Governor-General acting with Ministers responsible to the Legislature for their policy and administration. In the reserved administration, the Governor-General will be the real executive; in the transferred administration, he will only be the nominal executive, the real executive being the Council of Ministers. The new diarchy is the result of the introduction of partial responsibility at the centre.

It should be noted that there is to be joint consultation between the Governor-General, his Counsellors (who are his advisers) and his Ministers.

The Special Responsibilities of the Governor-General

In the conduct of government in both the reserved and the transferred spheres, the Governor-General is required to exercise his *indivi-*

*dual judgment** and to act, if necessary, in disregard of the advice of his ministers, in any matter which involves or affects his special responsibilities. The *special responsibilities of the Governor-General are defined in sec. 12* and include

(a) *the prevention of any grave menace to the peace or tranquillity of India or any part thereof;*

(b) *the safeguarding of the financial stability and credit of the Federal Government;*

(c) *the safeguarding of the legitimate interests of minorities;*

(d) *the securing to members of the public services of any rights provided for them by or under the Act;*

(e) *the prevention of executive discrimination;*

(f) *the prevention of commercial discrimination against goods coming from Britain or Burma;*

(g) *the protection of the rights of any Indian State;*

(h) *securing due respect for his orders and actions throughout the Federation.*

In the exercise of any special responsibility,† the Governor-General is given the widest possible powers. He can override ministerial advice, he can obtain all the money he needs and he can secure legislation which the Legislature refuses to pass.

*** The Governor-General acting in his individual judgment.**

It does not, however, mean that the ministers will have no power to advise or to act in these spheres. In fact, the initiative in nearly all executive and legislative action will be taken by the ministers. But if any of the special responsibilities of the Governor-General is affected or where the Act requires him, the Governor-General is authorised to act in his individual judgment, if necessary, in disregard of the minister's advice.

The Governor-General acting in his discretion

It refers to the prerogatives and the functions of the Governor-General in the *Reserved Departments*—in which ministers are not entitled to give him advice—to be exercised by him *'in his discretion'*.

† The field of special responsibility permeates the whole administration and it is difficult to suggest any subject, whether in the Federal or in the Provincial field, in which it may not emerge at any time. *Special responsibility does not mean special department.* The special responsibilities are duties imposed on the Governors and the Governor-General in the discharge of which they may refuse to be guided by ministers and may act in their own individual judgment. Sir Shafa'at Ahmad Khan—*The Indian Federation*, p. 49.

The Governor-General's special powers—legislative and financial

It has been pointed out that purely *executive powers* may not suffice for the due discharge by the Governor-General of his responsibilities. Further powers have, therefore, been placed at his disposal. These powers are (*a*) legislative and (*b*) financial.

(*a*) *Legislative powers*

(i) *The Governor-General's Act**—If at any time the Governor-General deems it necessary to enact a certain law for the due discharge of functions assigned to him, he may send a message to the Legislature explaining the circumstances which in his view render legislation essential, and would attach to the message a draft Bill.

After the expiration of one month the Governor-General may enact as a Governor-General's Act the Bill presented by him to the legislature either in the form of the draft communicated to them or with such amendments as he deems necessary, unless the Legislature within that period enacts the law in the form desired by him.

Every Governor-General's Act shall be communicated forthwith to the Secretary of State and shall be laid by him before each House of Parliament.

(ii) *The Governor-General's Ordinances*

The Governor-General may, on his own responsibility, promulgate ordinances for the due discharge of his duties. Such ordinances will be *valid for six months* but will *be renewable once for a similar period.*

Such ordinances (1) shall be subject to disallowance by His Majesty the King like any other Act, (2) may be withdrawn at any time by the Governor-General. If it is an ordinance extending a previous ordinance for a further period it shall be communicated forthwith to the Secretary of State.

(iii) *Ordinances, during the recess of the Legislature.* If at any time when the legislature is not in session, an emergency arises, *the Governor-General may on the advice of the ministers promulgate an ordinance.* Such an ordinance will *expire six weeks after the reassembly*

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* We may note here the *difference between the present system* of certification of a bill by the Governor-General when it has not been passed by the legislature *and the procedure proposed. The difference* between the existing procedure and that which is now proposed *is that in the former case a certified bill is deemed to be an Act of the Legislature whereas in the Federation it will be declared to be a Governor-General's Act.* We would at once know that the responsibility for the promulgation of the law lies with the Governor-General and not with the legislature.

of the Legislature, unless it is disapproved already by a resolution in the Legislature in which case it will cease to operate forthwith.

(*b*) *Financial Powers*

In all cases no demand for a grant can be made except on the recommendation of the Governor-General. He can restore any demand for a grant refused or reduced by the Legislature if he feels that any of his special or exclusive responsibilities are affected thereby. No bill imposing a tax or a charge on the federal revenues or authorising borrowing can be introduced in the Legislature without his assent.

Provisions in the case of the failure of the constitutional machinery

If at any time the constitutional machinery breaks down the Governor-General may assume to himself all powers by the issue of a Proclamation which should be forthwith communicated to the Secretary of State to be laid before each House of Parliament. Such a Proclamation would remain valid only for six months but Parliament can renew it annually up to a maximum of three years. Lastly, the Governor-General is to be the rallying point in the event of a break-down.

The powers of the Governor-General classified

The powers of the Governor-General thus fall into four categories.

(a) Exclusive Powers in the Reserved Departments

The Governor-General alone is responsible for the administration of the reserved departments, i.e., *defence, external affairs, ecclesiastical affairs and the administration of tribal areas and has as such exclusive powers in this sphere of administration*—powers which he does not share with his ministers.

(b) Special Responsibilities

In matters in which the Governor-General has not an exclusive but *a special responsibility, he has extraordinary powers*—executive, legislative and financial—to fulfil that responsibility, *to overrule his ministers* and *to overrule the Legislature*

(c) Discretionary powers

Besides, the Governor-General has wide discretionary powers in the exercise of the royal prerogative, in the matter of appointments and in various other matters.

(d) Powers in the event of a break-down

In the event of a break-down of the constitution, the Governor-General will have unlimited authority and all powers necessary to carry

on the King's Government in India. The Governor-General has to assume these powers by a Proclamation and therefore it has also been called the Proclamatory Power.

The powers vested in the Governor-General appear to be so formidable that, in effect, they bar ministerial responsibility. A more charitable view is that these are powers held in reserve and will remain unused if everything goes well.

II. The Federal Legislature

The legislative authority of the Federation shall be vested in His Majesty, represented by the Governor-General, and in the two houses of legislature—the Council of State and the House of Assembly.

The Council of State

Composition of the Council

The Council of State shall have a total membership of 260, of whom 156 will be representatives of British India and *not more than* 104 shall represent the Indian States.

Of the 156 members from British India 150 shall be elected and 6 nominated by the Governor-General at his discretion. The Muhammadans have 49 seats, Sikhs 4, women 6 and the scheduled castes 6; there are 75 general seats; Anglo-Indians have one, Europeans 7 and Indian Christians 2 representatives. Election of Hindu, Sikh and Muhammadan members shall be *direct* through territorial constituencies. Indirect election is retained for the Anglo-Indian, European and Indian Christian communities voting through their representatives in the provincial councils and assemblies. The representatives of the States may be elected or nominated by the Rulers.

Tenure

The Council of State shall be a permanent body, not subject to dissolution, it being arranged that members shall sit for 9 years, one-third retiring every three years.

The President of the Council and the Quorum

The Council shall elect its own President who shall have only the casting vote to be exercised in the case of a tie. The quorum for a meeting is fixed at $1/6$ of the total number of members. To be a member one must be at least thirty years old.

The House of Assembly

Composition of the House

The House of Assembly, which is the lower house, shall have a membership of 375 of whom 250 will be representatives of the British Indian provinces and not more than 125 shall represent the States. The States, with less than ¼ of the population of India, are considerably over-represented in the Assembly in comparison with their numerical importance.

Of the 250 seats allotted to British India only 105 are general seats, 19 being reserved for the depressed classes;* 6 Sikh seats; 82 Muhammadan; 4 Anglo-Indian; 8 European; 8 Indian Christian; 11 Commerce; 10 labour; 7 landholders and 9 women. The representatives of the States may be elected or may be nominated by their Rulers—the representatives of the states vary with their numbers.

The representatives of British India shall all be elected—there shall be no nominated members. *But the election shall be indirect—contrary to the established practice in India and elsewhere and against unanimous opinion in India in favour of direct election.*†

The Federal House of Assembly is to be, in the main, elected by the Provincial Assemblies, the representatives of the various communities therein voting separately for the prescribed number of seats.

Tenure

The House of Assembly has a *maximum life of five years* unless sooner dissolved. *The Governor-General may summon, prorogue or dissolve,* at his discretion, *the Assembly* but it must meet at least once a year.

The Speaker of the Assembly and the Quorum

The Assembly shall elect its own president, who shall be known as the Speaker, and his deputy. The Speaker of the Assembly, like

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* *The depressed classes by a preliminary vote elect four of them as candidates for every seat: the final choice then lies with the general constituency.* It is the result of Mahatma Gandhi's fast and of the subsequent Poona Pact to prevent the disruption of the Hindu Community.

† *The reasons adduced against direct elections* have been (a) the unmanageable and large size of the constituencies—in certain cases, over twice as large as Wales, (b) widespread illiteracy making it difficult for the candidate to appeal to his voters, (c) the difficulties of communication and of maintaining subsequent contact with the voters, (d) the much greater expenses involved in contesting scattered areas.

the President of the Council of State, has only a casting vote to be exercised in the case of an equality of votes. The quorum for a meeting is the presence of $\frac{1}{6}$ of the members. No one who is below 25 years can be a member of the Assembly.

Disqualifications of members

Holding of office of profit under the Crown in India, insanity, insolvency, conviction of crimes and of certain electoral offences are the disqualifications for membership of the legislature

Privileges of members of the Legislature

The privileges include freedom of speech in the House and publication of papers by order of either House. Witnesses may be summoned and compelled by the Legislature or by any of its committees to attend and give evidence before it. Members are to be entitled to receive salaries and allowances as may be determined by an Act of the Federal Legislature but until that is done, they shall receive allowances at the present rates.

The Legislative Procedure

Bills, other than financial bills, may originate in any one of the two Chambers. A bill is not to be deemed to be passed unless it has been agreed by both Chambers. But if they disagree or if there is a delay of over 6 months by the other House the Governor-General may convene a joint session at which the Bill may be passed by a majority of the members voting.

If the Bill affects finance or any matter which concerns the discharge of functions *in his discretion* or is subject to *his individual judgment,* the Governor-General may hold the joint session forthwith.

The Governor-General has the right to address both the Chambers and has the right to send written messages to either Chamber, which the Legislature is required to take into consideration.

The Governor-General's Ministers and Counsellors shall have the right to speak and to take part in the proceedings of either Chamber. They shall not have the right to vote unless they are members of the Legislature.

The Annual Financial Statement—the Budget

At the beginning of every financial year the Governor-General shall cause to be laid before the Federal Assembly a Statement of the estimated receipts and expenditure of the Government for that year. *This state-*

ment is known as the annual financial statement and the estimates are known as the Budget.

The estimates of expenditure shall show separately (*i*) *sums required for expenditure charged by the Constitution upon the revenues of the Federation* (*ii*) *and those sums which are subject to the vote of the Federal Legislature and which it is proposed to expend from the revenues of the Federation* distinguishing expenditure on revenue account from other expenditure and shall further indicate the sums which are included solely because the Governor-General has directed their inclusion as being necessary for the due discharge of any of his special responsibilities.

The following items of expenditure shall be charged on the revenues of the Federation and are not, therefore, subject to the vote of the Legislature :—

(1) Salaries and allowances of the Governor-General and other expenses relating to his office,

(2) Debt charges of all kinds,

(3) Salaries and allowances of Ministers, Counsellors and the Financial Adviser of the Governor-General and certain other officers,

(4) Salaries, allowances and pensions of the Federal Judges and the pensions of Judges of any High Court,

(5) Expenditure relating to Defence, Ecclesiastical Affairs, External Affairs and Tribal Areas,

(7) Expenditure in Excluded Areas,

(8) Expenditure sanctioned by the Federal Legislature or any amount required to satisfy a judicial decree or award.

The Budget Procedure

The expenditure which is not charged on the revenues of the Federation shall be submitted, in the form of a Demand for Grant, to the Federal Assembly and thereafter to the Council of State. Each Chamber shall have the power to refuse or to reduce any demand made. If the Federal Assembly refuses or reduces any demand, that demand shall not be submitted to the Council of State unless the Governor-General otherwise directs. When the Governor-General so directs, the demand may be presented to the Council of State for the amount originally demanded and not more. In case of difference between the Chambers, the Governor-General shall summon the two Chambers to a joint meeting for deliberating and voting on the demand as to which they dissent and the decision of the majority shall be deemed to be the decision of two Chambers.

No demand for a grant shall be made except on the recommendation of the Governor-General.

We have thus, in theory and law, general control of revenues by the Legislature and by both houses. In practice and with time it may be that the control will slip out of the hands of the Council of State, as it has passed out of the hands of the British House of Lords. The Governor-General has, by virtue of his special powers and responsibilities, the right to restore any grant refused or reduced by the Legislature.

A bill relating to taxation, borrowing or for the purpose of charging any expenditure on the revenues of the Federation shall not be introduced except on the recommendation of the Governor-General. Nor shall it be introduced in the Council of State. It must originate in the Federal Assembly.

Rules of Procedure

Each Chamber may make rules for regulating its own procedure and the conduct of its own business.

The Governor-General shall, *in his discretion,* after consultation with the President or Speaker, make rules (1) *for regulating the procedure,* (2) *for securing timely completion of financial business,* (3) *for prohibiting discussion of or asking questions on any matter of a Native State without the consent of the Governor-General, in the subjects other than where the Federation has jurisdiction over the State,* (4) *for prohibiting, except with the consent of the Governor-General, the discussion of any question affecting Foreign Relations or the administration of Excluded Areas or any action of the Governors in relation to the affairs of the Provinces.*

Restrictions on discussion

(1) The Legislature shall not discuss the conduct of any Judge of Federal Court or High Court in the performance of his judicial function, (2) nor shall the Legislature proceed with the further discussion of any bill which would affect the Governor-General's special responsibility for the prevention of any grave menace to the peace and tranquillity of India or any part thereof.

Summary

The Government of India Act of 1935 provides for the establishment of a *federal constitution* for India, which, however, will come into existence at a later date by a Royal Proclamation

The Indian federation will consist of (1) *the British Indian provinces,* and (2) *such of the Indian states as may join the federation.*

The executive head of the federation shall be the Governor-General who shall have *special responsibilities.*

The Governor-General shall be aided and advised by *a Council of Ministers* who shall be elected members of the Legislature.

There shall be certain *Reserved Departments* (*e.g., defence, external relations*, etc.) over which the Ministers shall have no control.

Thus a *new diarchy* will be set up at the centre.

The legislative authority of the federation shall be vested *in His Majesty, represented by the Governor-General*, and *in* the two houses of legislature—*the Council of State* and *the House of Assembly*.

The legislature will consist of representatives of British Indian provinces as well as of the Indian States.

Both the houses will be elected except for a few nominations to the upper house.

The life of the House of Assembly shall be limited to five years; the Council of State, on the other hand, shall be a permanent body, not subject to dissolution; but one-third of the members shall retire every three years.

There shall also be established a *federal judiciary*, which shall have the power of interpreting the constitution.

CHAPTER V

THE PRESENT GOVERNMENT OF INDIA

CENTRAL GOVERNMENT

The arrangements during the period of transition

So far we have been discussing the future Federation of India which, as we know already, shall replace the present unitary government in India. From April 1, 1937, the date of the inauguration of Provincial Autonomy, till the establishment of the Federation, the Government of India shall be carried on in accordance with the "transitional provisions" of the Act of 1935.

The existing Central Executive and Legislature in their present form have been kept for the time being*.

Subject to the powers of superintendence, direction and control of the Secretary of State for India, and directly subordinate to him, at present the administration of India is entrusted to a Central Government known otherwise as the Government of India. This government has two parts—the executive and the legislature.

The executive government or authority at the Centre is vested in the Governor-General and his Executive Council (more briefly the Governor-General in Council) and the legis-

* **The Central Government from April, 1937 till the establishment of the Federation**

There has been a new distribution of executive functions. For instance, the Home Department has no control over Law and Order in the provinces. The Central Government's powers of superintendence, direction and control would evaporate except for very limited purposes like trade disputes. *There has been a new distribution of legislative functions* and executive functions would correspond with changes in the legislative functions. *There has also been a new distribution of Government property.* From April 1, 1937 this property is divided and held by His Majesty for the purposes of the Federal Government and for the provinces separately. *There has been a new distribution of income on the lines of the Niemeyer Report.*

lative or law-making authority at the centre is vested conjointly in the Governor-General and the two Houses of the Central Legislature.

We use the words the Central Government, the Central Executive and the Central Legislature in order to indicate their central and all-India character and to distinguish them from the Provincial Governments, the Provincial Executives and the Provincial Legislatures which are purely local in character working only within the territorial limits of the provinces.

The office of the Governor-General

The office of the Governor-General was created by the Regulating Act of 1773. It was then the Governor-General of Bengal who exercised certain powers of control and superintendence over the presidencies of Madras and Bombay. His authority was extended in 1784 and in 1793. by the Charter Act of 1833 the Governor-General of Bengal became the Governor-General of India. It was in 1853 that the Governor-General was relieved of his responsibility for the provincial administration of Bengal for which the office of a Lieutenant-Governor was created.*

With the assumption of the sovereignty of India by the Crown the Governor-General became also the Viceroy, being the representative of the Crown in India. In the famous Royal Proclamation of 1858, the Queen refers to Lord Canning as *"Our first Viceroy and Governor-General"*.

The Governor-General is appointed by the Crown on the advice of the Prime Minister. Though there is no statutory time limit to his tenure of office, in actual practice, the Governor-General holds office for a period of five years.

The Central Executive

The Governor-General in Council

It has already been stated that the supreme executive authority in India for the administration of central subjects is the Governor-General in Council, *i.e.*, the Governor-General and his Executive Council.

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* Calcutta, however, remained the seat of the Government of India till 1912. In that year it was removed to Delhi. The more important offices go to Simla during the summer months. That is why Simla is called the summer capital of India.

This executive authority is so all-powerful and all-pervasive and the legislature is so weak and helpless that the former is in *substance* the Government of India. When the Governor-General in Council is referred to as the Government of India, no serious blunder is made because it has not merely the sanction of usage but also of truth.

The Government of India is vested not in the Governor-General alone but in the Governor-General in Council. It is only in extraordinary circumstances that the Governor-General assumes full responsibility for the administration of India and it is only then that he can override his Executive Council. That is to say, *ordinarily*, the government of India is not carried on by an individual, *i.e.*, the Governor-General but by a committee, *i.e.*, the Governor-General in Council. Although the Viceroy is the leading member of the Council, he is only one of several members.

The Position and Powers of the Governor-General

But there are some powers which the Governor-General enjoys in his individual capacity and which are not shared by the Council.

A scrutiny of these powers will show that more questions are expressly left to the personal responsibility of the Governor-General now than before 1919—the Governor-General being enabled to take action of supreme importance on his personal responsibility, overriding, if necessary, his Executive Council and also the Legislature, if he regards it as vital.

Constitutionally speaking, the Government of India is subordinate to the British Government and the Governor-General is merely an agent of the Secretary of State for India. But a Governor-General is no more a mere agent of the Secretary of State for India than a general in a field of action is the mere organ or mouthpiece of his government. It is, indeed, true that the Governor-General is not ordinarily interfered with by the Secretary of State and a strong Governor-General may rule India like an autocrat.

The *powers* which the Governor-General enjoys in his individual capacity may be classified under three heads, namely, (A) *administrative*, (B) *financial* and (C) *legislative*.

A—Administrative powers

(1) *The Governor-General enjoys considerable powers with regard to high appointments in India.* He appoints, among others, Deputy Governors, Lieutenant Governors, the President of the Council of State, the Vice-President of his Executive Council and Council Secretaries.

(2) *The Governor-General orders the general elections. Meetings of the Indian Legislature are summoned and prorogued by him.* He can extend the life of both chambers of the legislature beyond the normal period and can dissolve them earlier.

(3) Though ordinarily *the Governor-General* is bound by the majority vote of his Executive Council he *may override it if he thinks it necessary to do so or the "safety, tranquillity and interests of British India."*

(4) The Governor-General *enjoys the prerogative of mercy. He can grant, as the representative of the Crown* (Viceroy), a *free pardon* or subject to conditions, to any offender convicted by any Criminal Court of Justice having jurisdiction in India.

B—Financial powers

(1) Clause (2) of sec. 67A of the Government of India Act, 1919, lays down that "no proposal for the appropriation of any revenue or money for any purpose shall be made except on the recommendation of the Governor-General." *The Governor-General alone is thus competent to propose expenditure of public revenues,* although, this proposal may later come before the legislature for its approval.

(2) If any question arises as to whether any proposal for appropriation of revenues or money does or does not fall under any of the heads enumerated as non-votable in the Government of India Act then the decision of the Governor-General on the point will be final.

(3) Power is vested in the Governor-General to *certify* a money bill refused by the Legislative Assembly. This power of certification will enable the Government of India to collect a tax from the people even when it is opposed by the legislature. Lord Reading's certification of the Salt Tax is an instance in point.

(4) Any demand for a grant refused or reduced by the Legislature may be restored by the Governor-General if he considers such restoration necessary.

(5) The Governor-General has, in cases of emergency, *the power to authorise on his own responsibility such expenditure as, in his opinion, is necessary "for the safety or tranquillity of British India or any part thereof"*. The Legislature need not be consulted.

C—Legislative powers

(1) *The previous sanction of the Governor-General is necessary for the introduction, at any meeting of the Indian Legislature, of certain measures, e.g.*, those affecting the public debt or public revenues of India, the religion of any class of British subjects, foreign relations, etc.

(2) Even when a Bill has been introduced in either chamber of the Legislature the *Governor-General can by certifying that the Bill, or any clause of it or any amendment thereto, affects the safety and tranquillity of British India or any part thereof, stop all further proceedings in the Legislature regarding it.*

(3) *The Governor-General can certify any Bill which* has not been assented to by either house of the legislature but whose passage *in his opinion is essential for the safety, tranquillity or interests of British India* or any part thereof. The Bill will then become law with or without the consent of either house. All measures enacted in this way must, however, be laid before Parliament and assented to by His Majesty in Council (sec. 67B). The Princes' Protection Bill was certified in this manner and enacted into law in 1922.

(4) *The Governor-General can veto or send back for reconsideration any Bill passed* by the Central Legislature or by the provincial legislatures.

(5) A Bill passed by both chambers of the Indian Legislature or by any provincial legislature does not become an Act until the Governor-General has declared his assent to it.

(6) *The Governor-General can, for the peace and good government of India, promulgate ordinances, having the force of law, for a period not exceeding six months.*

(7) The Governor-General may reserve for the consideration of the Crown any Bill passed by the Legislature, any such Bill lapsing if the assent of the Crown be not signified through His Majesty in Council within six months.

The Governor-General's Executive Council

"The Government of India is governed not by an individual but by a Committee", said Lord Curzon. *"The Viceroy is the leading member of the Indian Government but he is only one of several members."* The Governor-General is assisted in his

work by a Council since the days of the Regulating Act. But the number of his advisers has increased with the increase in the volume of work.

Composition of the Council

The number of members composing the Governor-General's Council is not fixed by the Government of India Act. The suggestion has therefore been made that the Viceroy's Executive Council may be and should be enlarged to admit non-official Indian leaders to placate Indian public opinion and to win Indian support for the war. The Governor-General's Council to-day consists of *8 members including the Viceroy and the Commander-in-Chief.* Three of the members are Indians though there is no legal bar to all the members being Indians.

The members of the Council are appointed by the King-Emperor on the advice of the Secretary of State. Three at least of them must be persons who have been in the service of the Crown in India for not less than 10 years and one must be a Barrister of England or Ireland or a Scottish Advocate or an advocate of an Indian High Court of not less than 10 years' standing.

Powers and Duties

The powers and duties of the Governor-General in Council are those of *superintendence, direction and control of the civil and military government of India* but the Government itself is required to pay due obedience to all such orders as may be received from the Secretary of State from time to time. *The Governor-General is bound by the decision of the majority of his Council in ordinary circumstances.* But in matters involving "the safety, tranquillity or interests of British India" he can override the majority decision.

The Departmental System

Originally, every item of business was placed before every member of the Council by which all questions were decided collectively. But as work increased this method was found to be inadequate and so, after India became a direct charge

of the Crown, the departmental system was introduced by Lord Canning. As Sir John Strachey has said "the members of Council are now virtually Cabinet ministers, each of whom has charge of one of the great departments of the Government. *Their ordinary duties are rather those of administrators than of councillors.* The Governor-General regulates the manner in which the public business shall be distributed among them."

The Report of the Royal Commission on Decentralization in India says:

In regard to his own Department, each Member of Council is largely in the position of a Minister of State and has the final voice in ordinary departmental matters. *But any question of special importance,* any matter in which it is proposed to overrule the views of a local government, *must ordinarily be referred to the Viceroy.* Any matter originating in one Department which also affects another must be referred to the latter, and in the event of the Departments not being able to agree, the case would have to be referred to the Viceroy.

Meeting of the Executive Council and its procedure

"The members of Council meet periodically as a Cabinet—*ordinarily once a week*—to discuss questions which the Viceroy desires to put before them, or which a Member, who has been overruled by the Viceroy, has asked to be referred to the Council. The Secretary in the Department primarily concerned with a Council case attends the Council meeting for the purpose of furnishing any information which may be required of him. If there is a difference of opinion in the Council the decision of the majority ordinarily prevails, but the Viceroy can overrule the majority if he considers that the matter is of such grave importance as to justify such a step."—Decentralization Committee Report.

THE DEPARTMENTS OF THE GOVERNMENT OF INDIA

The Political and External Affairs Department

The Political Department primarily looks after the relations between the British Government as the paramount power in India and the various native states of India. The Chiefs' Colleges, the Imperial Service Troops and other cognate matters are dealt with by this Department.

The External Affairs Department deals with external relations and particularly is in charge of the relations of the Government of India with the neighbouring foreign powers such as Afghanistan and Persia.

It has also to advise the British Government on the latter's Asiatic policy so far as it may relate to India.

The External Affairs and Political Department also deals with the frontier tribes. The Department exercises direct control over the administration of Ajmer-Merwara and British Baluchistan.

This composite Department is under the Viceroy, who is assisted by two Secretaries, one in charge of the External Affairs and the other in charge of the Political Department.

The Home Department

The Home Department is responsible for the *general internal administration of British India.* The control of the Indian Civil Service, the administration of Law and Justice, of Police, Jails and Penal settlements, and internal politics are within the province of this department. This department is under the administrative control of the Home Member.

The Legislative Department

This department is in charge of examining all proposed legislation and of drafting Bills. The department is under the Law Member who advises the Government on all matters concerning legislation or matters which may involve questions of law.

The Department of Commerce

The Department of Commerce deals with Indian trade, industries, including stores, industrial research and exhibition, tariffs, commerce and commercial intelligence, statistics, etc.

The Department of Labour

The Department of Labour shall deal with all labour matters including labour in docks and railways.

The two departments of Commerce and Labour are administered at present by one member.

The Department of Communications

In view of the need of co-ordination of communications, a separate department has been created for roads, railways, civil aviation, inland navigation, posts, telegraphs and broadcasting. The railways will soon be placed outside the control of the Legislature under the Federal Railway Authority but will be administered at present by the member in charge of Communications.

The Department of Education, Health and Lands.

This department deals with subjects most of which are administered immediately by provincial governments. The department is primarily

concerned with researches in Public Health and Agriculture and with the co-ordination of the policies of the provincial governments with regard to education, land revenue, the veterinary, agricultural and medical services, forests and famines. The department is also responsible for the Survey of India.

The Finance Department

This department is a very important one because it is concerned with the general administration of central finance. The Finance Department is regarded as the pivot upon which the wheel of administration revolves because administration requires a huge expenditure of money. The Finance Department is responsible for the collection and apportionment of revenues. The Finance Member is the guardian of the revenues of the country and has to keep close watch over the expenditure of all departments of the Government.

The Defence Department

This department, until recently known as the Army Department, transacts all business connected with the administration of the Army. It has also charge of the Indian Air Force and the Royal Indian Navy. This department is under the Commander-in-Chief who is a member of the Viceroy's Council. *"He is the sole military adviser to the Government of India"*.

The Department will also administer Ecclesiastical Affairs till the establishment of the Federation. In view of the possibility of a war, another department—that of Defence Co-ordination—has been established.

The Secretariat and the Position of Secretary

"Each departmental office is in the subordinate charge of a Secretary." There are, however, two Secretaries now in the Foreign and Political Department. Under the Secretaries there are the Deputy Secretaries, the Under-Secretaries and the Assistant Secretaries. Each department has got its full complement of subordinate officials—the Registrars, Superintendents, and assistants, both of the higher and lower grades. The detailed work of the Governor-General in Council is done by the Secretariat. While the Executive Council formulates policies, it is the duty of the officials of the Secretariat to execute them.

The position of a Secretary to the Government of India in charge of a Departmental office :

A Secretary to the Government of India holds a position similar in many respects to that of a permanent Under-Secretary in England. "It is the duty of the Secretary to place every case, before the Governor-General or Member in charge of his department, in a form in which it is ready for decision. He submits with it a statement of

his own opinion." He attends on the Viceroy usually once a week and discusses with him all matters of special importance. When he considers that in any matter the Viceroy's "concurrence should be obtained to action proposed by the departmental Member of Council" he has the right to bring such matters to the special notice of the Viceroy. A Secretary attends a Council meeting when it discusses any case relating to his department. It should be noted that on these points, that is, regarding his access to the Viceroy and attending the council meetings a Secretary's position is superior to that of a permanent Under-Secretary in England who has no direct access to the Prime Minister and cannot attend a meeting of the Cabinet. The tenure of the Secretary's office is generally three years.

Summary

The Government of India is a unitary one and is subordinate to the Secretary of State whose orders are to be obeyed.

The Governor-General and Viceroy of India is the chief and the leading member of the Executive Council known as the Governor-General's Council. In the Governor-General in Council are vested the powers of the civil and military government of India.

The Governor-General's Council is composed at present of 8 members, including the Viceroy and the Commander-in-Chief.

Ordinarily, a decision of the majority of the Council is binding on the Governor-General. The Governor-General can, however, override his Council under special circumstances. The Governor-General enjoys large powers—administrative, financial and legislative.

CHAPTER VI

CENTRAL GOVERNMENT

THE LEGISLATURE

We have described before the organisation and functions of the Central Executive in the *present* Government of India. We shall refer now to the Central Legislature—the Indian Parliament.

The position of the Indian Legislature

The legislative authority in India is at present vested jointly in the Governor-General and in the two Houses of Legislature, namely, the Council of State and the Legislative Assembly.

The Indian Legislature is a non-sovereign subordinate law-making body because the sovereign powers are enjoyed by the British Parliament, which, as the sovereign law-making body, has the power to legislate for India. We have seen that the constitution of India is embodied in an Act of the British Parliament. But after laying down the constitution Parliament ceases to exercise its law-making power in respect of India so far as the latter's internal affairs are concerned. The internal affairs of India are regulated by laws passed by the Indian Legislature. *The Indian Legislature has to work within limits prescribed by Parliament and subject to the legislative powers of the Governor-General.* The limits have so severely restricted the scope and powers of the Indian Parliament that it has been derisively referred to as a mere toy parliament.

The growth of the Indian Legislature

The Indian legislature in its origin was merely the expansion of the Governor-General's Executive Council. In 1833, we have seen, the Executive Council was enlarged by the addition of a Law Member. An important advance took place in 1853 when the Council was enlarged and the meetings were public. The government had to explain its conduct and to defend itself against criticism. In 1861 the

number of members was further increased and it was laid down that one-half of the additional members should be non-officials. The non-official members, however, were nominated by the Governor-General. So the importance of the change lay in the selection of a small number of *Indians* who were, for the first time, given the opportunity to advise and criticise the government. In 1892 the number of additional members was further increased but the principal change effected was with regard to the method of nomination. There was no direct election still. The Act of 1909 which introduced what are known as Morley-Minto Reforms made a fresh advance and provided for the election of members. It may be mentioned that this Act also introduced the principle of communal representation which has engendered so much trouble in Indian politics. The Act of 1909 gave the members the right of discussing the annual financial statement and also matters of general public interest. It also gave them the right of asking questions. Further, supplementary questions could be asked for the purpose of drawing out any fact over which a request for information was already made. The Act of 1919 made some important changes in the constitution of the Indian legislature. The Legislature now was no longer a mere extension of the Governor-General's Council but became a separate body altogether with its own rights and duties. Its size has been increased. Members of the Legislature are mostly elected now. It should, however, be mentioned here that out of a population of 247 millions (British India) only 7·4 millions were enfranchised under the Act of 1919.

The composition of the Indian Legislature

The Indian Legislature is a *bicameral one*. It consists of two Chambers. These are the *Legislative Assembly* and *the Council of State.*

The Legislative Assembly

The lower chamber of the Indian Legislature is the Legislative Assembly. In every country where the legislature is bicameral it is the lower house which is more important because it represents the general body of the people, or at least, a larger number of persons than the upper house which represents only the rich and aristocratic classes in society. The lower house consequently is more liberal and democratic in its views.

The Legislative Assembly has a total strength of 145 members of whom 104 are elected and 41 nominated. Of the

41 nominated members 26 are government officials and 15 are non-officials. The nominations are made by the Governor-General.

The Assembly elects its President from amongst its members.

The life of the Assembly is 3 years. But the Governor-General can dissolve it sooner or extend its life beyond three years if he thinks it necessary.

The Council of State

The upper or the second chamber of the Indian Legislature is known as the Council of State. The Council of State is intended to be a body of elder statesmen of ripe experience and great dignity who will act as a revising authority over measures passed by the lower house.

The Council of State is composed of 60 members. Out of 60 members 33 are elected and the rest are nominated by the Governor-General. Of the 27 nominated members, not more than 19 are to be officials, the rest are non-officials.

The President of the Council of State is appointed by the Governor-General. The life of the Council of State is five years but, as in the case of the Assembly, the Governor-General can dissolve it sooner or extend its life beyond five years.

The Process of Legislation

Ordinary Process:

In all democratic countries there is only one process of legislation, the ordinary process, which leaves law-making entirely to the legislature as in Britain, France, U. S. A. But in India the executive dominates government to such an extent that it can usurp the functions of the legislature through extraordinary law-making processes of its own.

A Bill, before it becomes a law, has first to be passed by both Houses of Legislature and then assented to by the Governor-General.

Extraordinary process:

In countries which enjoy self-government none but the legislature, as representing the people, is competent to make laws. But in India (a) when either or both chambers of the Indian Legislature refuse leave to introduce or to pass any Bill in a form recommended by *the Governor-General* the latter *may certify it* and the Bill becomes an Act over the head of either or both chambers of the Indian Legislature.

(b) On the proposal of a local government *the Governor-General in Council may make regulations* having the force of law.

(c) *The Governor-General can also promulgate Ordinances* for not more than six months for the peace and good government of British India and any ordinance so made will have the effect of a law passed by the Indian Legislature.

Powers of the Legislature

In countries with parliamentary government as Britain and France, the legislature or the parliament is supposed to govern or dominate and the executive is and must remain subordinate to it. This is only natural because the legislature is an assembly of the people or of their representatives and it is the medium through which the nation's will is expressed. On the other hand, the executive is merely a body of public servants paid and maintained by the people to carry out their will. In order that this will may be properly carried out it is necessary that the executive should be under the control of the legislature.

In such countries, therefore, the legislature has not merely (1) *the fundamental and unquestioned right to make the laws of the country* but also the two other important rights, (2) *to control the finances* (since it is the people's money, the people through their representatives in the legislature shall have the right to say how the money shall be raised and how it shall be spent) and (3) *to control the executive* (to choose the principal public servants, that is, the ministers, and to remove them from office when they cease to enjoy its confidence).

A. Law-making powers

Under section 65 of the Government of India Act, 1919, the Indian Legislature has power to make laws

(a) *for all persons, for all courts and for all places and things within British India ;*

(b) *for all subjects of His Majesty and servants of the Crown in other parts of India* (*i.e.*, in the Indian States) ;

(c) *for all native Indian subjects of His Majesty without and beyond as well as within British India ;*

(d) *for all persons employed in His Majesty's Indian Army and the Royal Indian Navy wherever they are serving in so far as they are not subject to the Army Act ;*

(e) *for repealing or altering any laws which are in force within British India or which apply to persons for whom the Indian Legislature has power to make laws.*

Limits imposed on the law-making powers of the Legislature

(1) *The Indian Legislature has no power to alter or repeal any Act of the British Parliament extending to India unless it is authorised to do so by Parliament.*

(2) *Nor can it pass any law which affects the authority of Parliament or of any British constitutional law or of the sovereignty of the British Crown over British India.*

(3) Besides these general restrictions it is unlawful to introduce into the Indian Legislature, without the previous sanction of the Governor-General, any measure affecting (*a*) the public debt or revenues of India, (*b*) the religion or religious rights of British subjects in India, (*c*) the discipline or maintenance of any part of His Majesty's military, naval or air forces, and (*d*) foreign relations.

(4) Nor is it lawful without the previous sanction of the Governor-General to introduce into the legislature any measure (i) regulating any provincial subject which has not been declared under the Act of 1919 or under the Devolution Rules as subject to legislation by the Indian Legislature or (ii) repealing or amending an Act of a local legislature or (iii) repealing or amending any Act or Ordinance made by the Governor-General.

(5) The Governor-General can also prohibit the discussion of any matter whose discussion in his opinion affects the safety or tranquillity of British India. Again even when a Bill has been passed by both the Chambers the Governor-General can send it back to the legislature for reconsideration.

(6) The authority of the legislature again is greatly limited by the law-making powers enjoyed by the executive described already under Extraordinary Process of Legislation, *i.e., certification, regulation and ordinance.*

(7) The Governor-General can *veto* any Bill passed by the legislature.

B. Financial powers

In all countries enjoying political liberty the control of the finances of the State is vested in the legislature as the guardian of the interests of the people. As it is the people

who pay taxes, their consent has to be obtained, through their representatives, as to what taxes are to be imposed, how they should be realised and how the money so realised is to be spent.

In India, it will be seen in the lines following, that *the financial powers like the law-making powers,* of the legislature, *are not real.*

The Budget

Under sec. 67A (1) of the Act of 1919, the estimate of the annual expenditure and revenues of the Government of India is laid in the form of a statement before both Chambers of the Indian Legislature in each year. This estimate is known as the Budget. But the control of the legislature over the Indian budget is really very small.

Restrictions on the financial powers of the Legislature

(1) Revenue

The revenues are derived mainly from taxation. The proposals for taxation are embodied in a Bill known as the Money Bill. In order that the taxes may be levied, this Bill has ordinarily to be passed by the Legislature.

The Governor-General, as we have already seen, is empowered to certify a Bill; so a Money Bill also may be certified and that against the wishes of the Legislature.

If the Governor-General in Council is satisfied that any demand which has been refused by the legislature is essential to the discharge of his responsibilities then he can restore the grant by certification.

(2) Expenditure

All proposals for the expenditure of public revenues should be submitted to the vote of the Legislature in the form of demands for grants as is done in Britain and France. But in India important items of expenditure for defence, political and ecclesiastical purposes, interest on loans, certain salaries and pensions are non-votable.

Only a few unimportant items of expenditure (amounting roughly to one-fifth of the total expenditure) are placed before the Legislature for its sanction or vote. With regard to these small items the Legislature may assent to, refuse or reduce a demand for grant. But even in this narrow field the Legislature's decision is not final. The Governor-General, by mere certification, can restore any grant cut down or reduced by the legislature on the plea that such restoration is essential to the due discharge of his responsibilities.

Moreover, to cut the whole thing short, the Governor-General has been empowered, in cases of emergency, to authorise on his sole

responsibility any expenditure he considers necessary for the safety, tranquillity or interests of British India or any part thereof. This brings us, in extreme cases, to one man rule, unthinkable in countries like Britain and France. The British and the French Parliaments did not cease to function even in war-time.

C. Control of the Executive

The legislature, in free countries, controls the executive by the right it enjoys of choosing and removing it.

The executive is a body of public servants maintained at public expense to look after public interest. When the legislature, as the guardian of public interest, finds the executive doing any wrong, it can censure and remove the executive. The legislature controls the executive as any householder would control his own servant by censuring or by dismissing the servant.

The control of the Indian Legislature over the executive is, however, non-existent.

The Government of India are not responsible to the Indian Legislature for their administration of the country. They are responsible to the Secretary of State for India. The executive is not chosen by the Indian Legislature. The Legislative Assembly being a popular body may exert a pressure, which is not very strong, over the executive by criticising the actions of the government and by asking questions which might be embarrassing to the executive. But the resolutions of the legislature which are expressed in the form of recommendations to the Governor-General in Council have no binding force. The executive can ignore them with impunity. If we had parliamentary government the executive would have resigned as soon as it lost the confidence of the Legislative Assembly. But a vote of censure by the Indian Legislature, even if it were passed, would not, in the least, affect the present Government of India.

Thus the power of the Indian Legislature to make the laws of the land is far from absolute, its right to control the finances of the nation is very largely qualified, and the right to control the executive is non-existent.

Under the Transitional Provisions of the Act of 1935, the Central Legislature, composed and elected as before, continues to function in the central sphere and is to exercise the powers of Federal Legislature in respect of the British provinces.

CHAPTER VII

DIVISION OF SUBJECTS

Division of subjects in the old constitution

In the old constitution based on the Act of 1919, in theory and law, the Government of India was a unitary one. The superintendence, direction and control of the civil and military government of India was vested in the Governor-General in Council who was to pay due obedience to all orders from the Secretary of State for India.

Yet administrative convenience demanded that there should be some distribution of functions between the Central and the Provincial Governments. Such a distribution has been existing for a long time. Subjects of all-India concern and having an all-India importance (*the defence of India, posts and telegraphs, currency and coinage, tariffs, relations with Indian states, etc.*) were administered by the Government of India while the provincial governments were entrusted with local administration, the maintenance of order, the administration of justice, education, local self-government, medical relief, sanitation, etc.

The provincial governments, however, acted as the agents of the Central Government and were subject to the latter's control in various ways.

Division of Subjects in the New Constitution

A complete departure from the old system has been necessary with the autonomy of the provinces and the proposal for a Federation. *The Government of India Act of 1935 makes a clear division of legislative power according to subjects,* there being

(1) *a list of subjects exclusively federal,*
(2) *a list of provincial subjects,*
(3) *a list of subjects under concurrent jurisdiction.*

The Federal Subjects

The Federal Legislature has, and a Provincial Legislature has not, the power to make laws with respect to any of the matters in the list of federal subjects.

The federal list includes :

(1) defence, including the armed forces and the defence works,
(2) external affairs,
(3) ecclesiastical affairs,
(4) currency, coinage and legal tender,
(5) federal property, public debt and pensions,
(6) posts, telegraphs, railways, shipping, navigation, aviation, major ports and lighthouses,
(7) foreign trade, immigration,
(8) census, statistics and surveys, certain museums and research institutions,
(9) banking and insurance, cheques, notes and bills of exchange,
(10) trading corporations and corporation tax,
(11) the universities at Benares and Aligarh,
(12) the Federal Public Services and the Federal Public Service Commission,
(13) development of industry when declared federal, copy-rights and trade marks,
(14) petroleum, salt and opium,
(15) federal elections.

The Indian states are expected, as a rule, to accept the aforesaid subjects as applicable to themselves if they desire to join the federation. The states may or may not accept the federal jurisdiction in *the other federal subjects* such as

(*a*) Income Tax, (*b*) Tax on capital, (*c*) Succession duties, (*d*) Commercial Stamps, (*e*) Naturalisation, (*f*) State Lotteries, (*g*) Migration within India, (*h*) Standards of weights and measures, etc.

The Provincial subjects

The provinces for their part control the provincial subjects.

The Provincial Legislature has, and the Federal Legislature has not, the power to make laws for the Provinces or any part thereof with respect to any of the matters enumerated in the Provincial Legislative List below :

1. Law and Order.
2. Administration of justice, including all Courts of Law excepting the Federal Court.
3. Prisons.
4. Public institutions in the form of hospitals, asylums etc.
5. Provincial Public Services and Public Service Commission.
6. Public Works of the Province.
7. Libraries and Museums controlled and financed by the Province.
8. Provincial Elections.
9. Public Health and Sanitation

10. Education.
11. Local Communications.
12. Agriculture.
13. Forests.
14. Mines.
15. Fisheries.
16. Poor Relief and Unemployment.
17. Co-operative Societies.
18. Betting and Gambling.
19. Provincial Statistics.
20. Land Revenue.
21. Tax on income from agricultural land.
22. Taxes on land, and death or succession duties.
23. Poll tax.
24. Taxes on professions, trades, etc.
25. Taxes on luxuries, including taxes on entertainments, amusements, betting, gambling.
26. Gas, etc.

The Concurrent list

The Federal Legislature and the Provincial Legislature also have the power to make laws with respect to any of the matters enumerated in the concurrent legislative list below.

Part I.

1. Criminal Law and Procedure.
2. Civil Procedure.
3. Evidence and Oaths.
4. Marriage and Divorce.
5. Contract.
6. Bankruptcy and Insolvency.
7. Press.
8. Legal, Medical and other professions.
9. Poisonous and dangerous drugs.

Part II.

10. Health Insurance.
11. Old Age Pensions.
12. Factory Regulation.
13. Labour Welfare.
14. Trade Unions and Trade Disputes.
15. Electricity.
16. Film Censorship.

Normally, the federation shall not invade the sphere of the provinces but *the Federal Legislature shall, if the Governor-General declares by a Proclamation of emergency that the security of India is threatened either by a war or internal disturbance, have the power to make laws in the Provinces with respect to any of the matters enumerated in the Provincial List.*

The Proclamation of emergency (1) may be revoked by a subsequent Proclamation, (2) shall be communicated forthwith to the Secretary of State and placed by him before Parliament, (3) shall cease to operate at the expiry of six months, unless before the expiration of that period it is approved by both Houses of Parliament.

The Federal Legislature shall have the power to legislate for two or more Provinces when they desire it and with their consent.

Residual Powers

Any matter not enumerated in any of these Lists will be allowed by the Governor-General either to the Federation or to the Provinces in his discretion.

In the case of any inconsistency in the concurrent field of legislation between a Federal law and a Provincial law, the Federal law shall prevail. Likewise, if there is any inconsistency between the law of a federated State and the Federal law, the Federal law shall prevail.

Restrictions on legislative power

The previous sanction of the Governor-General, *to be given at his discretion*, is necessary for the introduction of any bill or proposal in the Legislature which is (a) *repugnant to any Act of Parliament* or (b) *which proposes to repeal or amend any Act or any Ordinance of the Governor-General or of a Governor* or (c) *which relates to External Affairs, Defence, Ecclesiastical Affairs, Tribal Areas or British Baluchistan* or (d) *which repeals an Act relating to the Police force or the procedure for criminal trials of European British subjects.*

Similarly, the previous sanction of the Governor-General (or, of the Governor) is required in respect of such provincial legislation as concerns his Acts or Ordinances, the federal reserved subjects, the police, the Reserve Bank, Currency and Coinage, the federal courts and railway rates and fares.

Restrictions on Discriminatory Legislation

To prevent any possible *discrimination against British subjects, domiciled in the United Kingdom,* the Constitution Act exempts them from the operation of so much of the Federal law or the Provincial law which restricts entry into British India or imposes by reason of his place of birth, race, descent, language, religion, domicile, residence or duration of residence, any *disability* or *restriction in respect of travel, residence, the holding of property* or *public office*, or *carrying on any occupation, business* or *profession.* Nor shall Companies incorporated in the United Kingdom be subject to any differential or discriminatory treatment in favour of ships registered in British India. Nor shall Companies incorporated in the United Kingdom and at present carrying

on business in India shall be discriminated against by the Government in the grant of subsidies for the encouragement of trade and industry in India.

Exemption from restrictions cannot be claimed by any British subject, if Indian subjects of His Majesty are also subject to similar restrictions in the United Kingdom.

Keith recognises that these restrictions are unsatisfactory and that the real solution must lie in a convention based on reciprocity. Indian opinion is very hostile to the new constitution because of these restrictions and limitations on the powers of the Indian Legislature.

Summary

Subjects of all-India concern and having an all-India importance have been classified as central subjects and have been kept in charge of the Government of India, *e.g., defence of India, railways, posts and telegraphs, currency, etc.* Subjects of provincial concern and of provincial importance have been classified as provincial subjects, *e.g., land revenue, local self-government, education, medical relief, etc.*

With the autonomy of the provinces a complete departure has been made from the old system. The Government of India Act of 1935 classifies the subjects in three groups: (a) *exclusively federal, e.g., defence, external affairs, currency, federal property etc.,* (b) *exclusively provincial, e.g., law and order, administration of justice, education etc.,* and (c) subjects over which both the federal and provincial legislatures will have *concurrent* jurisdiction, *e.g., criminal law and procedure, press, electricity, etc.*

CHAPTER VIII

PROVINCIAL AUTONOMY

The Montagu-Chelmsford Report

"The provinces are the domain in which," wrote the authors of the Montague-Chelmsford Report, *"the early steps towards the progressive realisation of responsible government should be taken. Some measure of responsibility should be given at once and our aim is to give complete responsibility as soon as conditions permit."* Their intention was to make the provinces independent in their own spheres and when in future they become independent, they would be members of a federation of British Indian Provinces.

The march of events since 1919 has been so rapid that we are discussing to-day not the federation of British India but an All-India Federation of British Indian Provinces* on the one hand and the Indian States on the other.

To secure autonomy the largest possible measure of independence in *legislation, administration, and finance* has to be given to the provinces. This independence is connoted in the expression "provincial autonomy'.

*** The Governor's Provinces**

The Government of India Act of 1935 has created two new Governor's Provinces—these being Orissa and Sind. It also provides for the separation of Burma from India with a separate constitution for Burma, under the ultimate control of a new Secretary of State for Burma. There are now altogether *eleven Governor's Provinces*—the three Presidencies of Bengal, Madras and Bombay, and the United Provinces, the Punjab, Bihar, the Central Provinces and Berar, Assam, the North West Frontier Province and the newly created provinces of Orissa and Sind.

Chief Commissioner's Provinces

Besides the eleven Governor's provinces, following are the Chief Commissioner's Provinces : British Baluchistan, Delhi, Ajmere-Merwara, Coorg, the Andaman and Nicobar Islands and the area known as Panth-Piploda.

Provincial Autonomy

Provincial autonomy means the independence of the provincial governments in their own spheres of administration, legislation and finance, and the abolition of the control of the Government of India and of the Secretary of State in provincial matters.

The Reforms of 1919 instead of granting provincial autonomy provided for dyarchy and partial relaxation of central control, *viz., in the transferred field of administration.*

The demand for provincial autonomy was a part of the demand for responsible government in the country. Indians demanded not merely the abolition of outside control in provincial matters ; *it was also their demand that this outside control be substituted by popular control in the provinces over every part of the provincial administration.* This would necessitate the transfer of all provincial subjects to ministers who would be responsible to the provincial legislature and to none else.*

By the provisions of the Government of India Act, 1935, Provincial Autonomy has been introduced in India from April 1, 1937. Each one of the Governor's Provinces possesses an Executive and Legislature, having precisely defined spheres and in that exclusively provincial sphere, broadly, free from the control of the Central Government and the Secretary of State. All provincial subjects have been transferred to the control of ministers responsible to the legislature. But the reservation to the Governor of extensive overriding powers and various "special responsibilities" detracts a great deal from the value of the grant.

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* Official control from above is incompatible with popular control from within, and the admission of the latter justifies, indeed demands, a corresponding reduction of the former. Parliament, the Secretary of State, and the Government of India must all relax control if the legislative councils and assemblies in the provinces are to have the responsibility for the administration.—*Montagu-Chelmsford Report.*

Features of Provincial Autonomy

Thus, to sum up, the features of *Provincial Autonomy* are as follows:

(*a*) The New Act abolishes dyarchy. Responsibility for the whole field of provincial administration is transferred to Ministers subject to popular control.

(*b*) The control of the Central Goverment and the Secretary of State for India over provincial matters has been further relaxed. But as some critics point out, control may have been relaxed in minor matters but the Governor-General still retains extensive and effective controlling authority.

(*c*) Again, large powers have been granted to the Governors which greatly negative the value of responsible governmnt in the provinces.

(*d*) The scope of action open to the provincial governments is so narrow that there can be no real autonomy in the provinces.

(*e*) Moreover, the extensive Parliamentary control makes Provincial Autonomy largely illusory.

The Case for Provincial Autonomy

(*i*) The demand for Provincial Autonomy is backed by the *economic, geographical and racial conditions* of every province.

(*ii*) *It is also backed by the growing sense of provincial individuality* which seeks an expression in the demand for the autonomy of the provinces.

(*iii*) *The vast distances in India and the increasing complexities of modern government* are strong additional arguments.

(*iv*) It is *the completion of a process begun in 1919*—a process of development in which the life of each province shall find vigorous and adequate expression, free from interference by a remote Central Government.

(*v*) *Since further progress in the sphere of social administration depends upon the assumption by Indians of*

real responsibility for the improvement of Indian social conditions (e.g., prevention of child marriages, removal of untouchability, emancipation of Indian women, and improvement of conditions of labour) *the ministers must shoulder these new social responsibilities which they cannot do unless the provinces have autonomy.*

11 Provinces under the New Constitution

ASSAM (17th May, 1939)

Ministry—Congress Coalition (58 members), Gopinath Bardoloi, Chief Minister, resigned.

Opposition—Assam United Party (49 members).

Legislative Council—22 members. **Assam Assembly** —108 members.

Principal measures

Prohibition, Agricultural Relief, Tea Garden Labourer's Relief, Adult Literacy, Taxes on betting and agricultural incomes, taxes on sales of petrol and luxuries.

The Ministry resigned in 1939. New Ministry has been formed with Sir M. Saadullah, Leader of the Opposition as the Chief Minister.

BENGAL (12th June, 1939)

Ministry—Coalition Party (130 members), A. K. Fazlul Huq, Chief Minister.

Opposition—Congress, Krishak Praja and Scheduled Castes Opposition (86 members).

Legislative Council—63 members. **Bengal Assembly**—250 members.

Principal measures

Tenancy and Debt Legislation, Shop Hours Legislation, An enquiry (Floud Commission) into the effects of the Permanent Settlement on the province, Sales Taxes, An ungraduated tax on trades, professions and employments, Changes in the constitution of the Calcutta Corporation, Communal preferences in services and measures communal have sometimes evoked angry opposition and bitter controversy.

BIHAR (27th May, 1939)

Ministry—Congress Party (98 members), Sri Krishna Sinha, Prime Minister.

Opposition--Muslim Independents, Muslim League and Bihar Nationalist Coalition Party (49 members).

Legislative Council—30 members. **Bihar Assembly** —152 members.

Principal measures

Bihar Money-lenders' Acts, Tenancy Acts, Reduction of Rents Acts, Prohibition, Taxes on Agricultural Incomes, Sales taxes on petrol, etc.

BOMBAY (23rd May, 1939)

Ministry—Congress Party (88 members), B. G. Kher, Prime Minister.

Opposition—Muslim League (26 members).

Legislative Council—30. **Bombay Assembly**—175.

Principal measures

Small Holders Relief Act, Shop Hours Act, Harijan Disabilities Removal Act, Race Courses Licensing Act, Agricultural Debtors Act, Prohibition Act, Sales taxes on luxuries and on petrol and lubricants. (23rd May, 1939)

C. P. & BERAR (23rd May 1939)

Ministry—Congress Party (71 members), Dr. N. B. Khare resigned—Ravishankar Shukla, Chief Minister.

Opposition—Independent Party and Muslim League (27 members).

No Upper House. **C. P. Assembly**—112 members.

Principal measures

Sales taxes on petrol and lubricants, Prohibition Act, Compulsory Primary Education Act, Village Panchayats Act, C. P. Municipalities Act, Vidyamandirs.

MADRAS (25th May, 1939)

Ministry—Congress Party (162 members), C. Rajagopalachariar, Prime Minister.

Opposition—Justice Party, Muslim League, etc. (52 members).

Legislative Council—55 members. **Madras Assembly**—215 members.

Principal measures

Prohibition Act, Temple Entry Act, Public Health Act, General Sales Tax also a tax on sales of petrol and lubricants.

N. W. F. P. (3rd July, 1939)

Ministry—Congress (28 members), Dr. Khan Sahib, Chief Minister.

Opposition—Muslim League (12 members).

No Upper House. **N. W. F. P. Assembly**—50 members.

ORISSA (25th May, 1939)

Ministry—Congress (35 members), Biswanath Das, Chief Minister.

Opposition—24 members.

No Upper House. **Orissa Assembly**—60 members.

Principal measures

Small Holders' Relief Act, Money-lenders' Registration Act, Hindu Religious Endowments Act.

THE PUNJAB (6th June, 1939)

Ministry—Unionist (97 members), Sir Sikandar Hyat Khan, Premier.

Opposition—Congress, Ahrars and Independents (60 members).

No Upper House. Punjab Assembly – 175 members.

Principal measures

Punjab Agricultural Produce Markets Act, Grading Acts, Badshahi Mosque Fund Cess Act, Sikh Gurdwaras Act, Village Panchayets Act.

SIND (25th May, 1939)

Ministry—*National*—Khan Bahadur Allah Baksh resigned -Sir Ghulam Hussein Hidayetullah, Chief Minister.

No Upper House. Sind Assembly —60 members.

UNITED PROVINCES (27th May, 1939)

Ministry—Congress (147 members), Govind Ballabh Pant, Premier.
Opposition—Muslim League and Independents (60 members).
Legislative Council—60 members. **U. P. Assembly**—228 members.

Principal measures

Tenancy Legislation and Reforms, Maternity Benefit Acts, Prisoners' Release on Probation Act, Consolidation of Holdings Act, Agricultural Produce Markets Act, Agriculturists and Workmen Debt Redemption Act, Money-lenders' Acts, Prohibition Act, Employments Taxes, Sales Taxes on luxuries.

Congress Ministries in 8 Provinces Resign

The Congress Ministries in the provinces of Assam, Bihar, C. P. & Berar, Madras, N. W. F. P., Orissa and the U. P. have resigned under Congress mandate because of Congress disagreement with the British Government's war policy and aims. As a result of the breakdown of the constitution in these provinces the governments, except in Assam, are being carried on by the respective Governors of the provinces assisted by official I. C. S. Advisers.

Summary

Provincial autonomy means the independence of the Provinces in their own spheres of administration, legislation, and finance and the abolition of all outside control in purely provincial matters. From April 1, 1937, *Provincial Autonomy* has been introduced in the British Indian provinces.

CHAPTER IX

THE NEW GOVERNMENT

THE PROVINCIAL EXECUTIVE

The Provincial Executive

Under the new constitution, the dual executive system or *Dyarchy,* in the Provinces, *is abolished* and *the Act of 1935 places the whole executive power and authority of the province in the Governor as the representative of the King Emperor.* It also provides him with a Council of Ministers to 'aid and advise' him in the exercise of his powers except in relation to such matters as are left to his discretion and judgment. *The new Act gives the Ministers the right to administer practically the whole of the provincial sphere and the real executive in the province are now these ministers selected by the Governor from the members of the Legislature. This transfer of the powers of administration to Ministers,* responsible to the Legislature, has accompanied *Provincial Autonomy,* and should not be confused with the latter. The first is *Responsible Government,* as it is understood in Britain, whereas *Provincial Autonomy* merely means the freedom of the Province from outside control. *The constitution of the Province is based, in the main, upon English constitutional theory and practice.*

Analogy of the British constitutional system

In Great Britain the executive head is still the king and the government is still carried on in the name of the king. But, since the middle of the 19th century, *in practice,* the government has been carried on by ministers, possessing for the time being the confidence of Parliament and under its control.

The constitutions of the Dominions, *e.g., Canada, Australia, South Africa,* etc., have followed the British model. But this development required time and involved a long and bitter struggle. In England itself the people and Parliament secured their rights against an autocratic king through long and bitter struggle in which Cromwell's Revolution of 1648, and the Glorious Revolution of 1688 stand out prominently.

The Governor

The Governor of a province is appointed by the King-Emperor and, like the Governor-General, possesses certain 'special responsibilities'.

He is the king's direct representative in the Province and shall receive at the time of his appointment an *Instrument of Instructions* directing him as to how he should exercise his functions.

The Governor ordinarily is guided by the advice of his Council of Ministers and the government is to be carried on by them, except where he is required by law to act *in his discretion* or to exercise *his individual judgment*†. The Governor in his discretion may preside at meetings of the Council of Ministers. The Governor shall appoint the Advocate-General of the province.

The Council of Ministers

In every province there is a Council of Ministers, whose number is not fixed by law, to aid and advise the Governor in the administration.

The Ministers are to be chosen by the Governor in his discretion and must be, or must become within six months, members of the legislature‡ holding office during the Governor's pleasure.

*** The Governor 'in his discretion'**

When any power or function is to be exercised by *the Governor in his discretion, the Ministers have no constitutional right to advise.* The matter is left entirely to the discretion of the Governor, e.g., *the administration of excluded areas, the power of veto.*

The Governor, in such cases, must be answerable to some authority and the Governor's responsibility will be, in the first instance, to the Governor-General acting in his discretion and from him to the Secretary of State and ultimately to Parliament.

† The Governor acting in his individual judgment

If any of the *special responsibilities* of the Governor is affected, or where the Act requires him, *the Governor is authorised to act in his individual judgment, if necessary, in disregard of the minister's advice.*

It does not, however, mean that the ministers will have no power to advise or to act in these spheres. On the other hand, practically the whole field of provincial government, with the exception of those subjects which are in the Governor's sole discretion, shall be under the immediate control of ministers. The initiative in nearly all legislative and executive acts will be taken by ministers.

† The Instrument of Instructions shall direct the Governor to select his Ministers in consultation with the person, who in his judgment, is likely to command the largest following in the Legislature, and to

The successful working of responsible government in the provinces will be greatly influenced by the character and experience of the new Governors and ministers and by the spirit in which the new Reforms will be worked.

The Relations of the Governor with his Ministers

The Government of the Province is to be carried on in the name of and on behalf of the King by *the Governor* who *shall, for most purposes, be the nominal executive** with special responsibilities and special powers to be used in certain contingencies.

The real executive are the ministers who shall be *'solely responsible to the legislatures'*. (Keith.)

Generally, the ministers will be entrusted with the administration of their own departments and, like the King of England, the Governor of the Province shall be the mere constitutional head of the Province.

For convenience of administration, the Governor shall make an allocation of the business of government among the various Ministers.

The Governor may require the Ministers and their Secretaries to keep him informed about any matter which involves any of his special responsibilities. In these matters the Governor shall consult the Ministers but the Governor's discretion and judgment shall be final and he shall have the right to act independently of the ministers. 'This is consistent only with a state when responsible government is yet imperfect.'

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appoint those persons, *including so far as possible important minorities*, who will be in a position collectively to command the confidence of the Legislature.

* "*In all matters* within the scope of the executive authority of the Province, *except in relation to functions which he is* required by the said Act *to exercise in his discretion, our Governor shall* in the exercise of the powers conferred upon him *be guided by the advice of his Ministers, unless* in his opinion so to be guided would be inconsistent with the fulfilment of any of the special responsibilities committed to him or with the proper discharge of any of the functions which he is required to exercise in his individual judgment."—*Instrument of Instructions to the Governor.*

The Ministers and the Legislature

'The ministers in the new constitution shall be chosen by the Governor from among persons who must be (or must become within six months) members of the legislature.' (Keith).

The Governor is to select the ministers in consultation with the person who, in his judgment, is likely to command a majority in the legislature. *The ministers hold office* nominally during the pleasure of the Governor but, *in effect, so long as they receive the support of the legislature and enjoy its confidence. The leader of this majority group is the Prime Minister or Chief Minister of the province and the other ministers are his colleagues, and collectively they are responsible to, and under the control of, the legislature for their policy and administration.*

The salaries of ministers shall be determined by the Legislature by an Act and shall not be altered during the term of office of a minister.

Ministerial responsibility to the legislature or Responsible government in the provinces has a superficial resemblance to the British system.

Relations between the Executive and the Legislature

Ministerial Responsibility

The responsibility of the Ministers to the Legislature is known as ministerial responsibility.

To what extent ministerial responsibility has been introduced in India under the new constitution?

(a) In the provinces

In the provinces responsibility for the whole field of provincial government is to lie with the ministers. All the subjects of administration, including law and order, have been placed under ministerial control.

At first sight it would seem that full ministerial responsibility has been introduced in the provinces. On closer examination, however, we find various limitations upon this ministerial responsibility. The special responsibilities and the special powers of the Governor qualify this ministerial responsibility.*

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* It may be mentioned in this connexion that Congress refused to accept office in the six provinces where it secured a majority, unless

(b) At the centre

Though dyarchy is abolished in the provinces, a dyarchy will be set up at the Federal Centre where part of the Government would be responsible, and part irresponsible. *With the exception of the reserved subjects* to be administered by the Governor-General, accountable only to the Secretary of State and Parliament, all other federal subjects shall be transferred to ministers, responsible to the federal legislature.

The Safeguards and the Special Powers of the Governor

The safeguards in the new constitution are provided mainly through certain special *executive, legislative and financial powers for the Governor.*

(a) Sole discretion

The Governor will have a sole discretion in certain matters, *e.g.*, assent to bills passed by the legislature, withholding assent, and refusing assent (or *veto*) and the administration of excluded areas. It is not intended that the Governor should refuse to seek or take the advice of ministers but that ministers have no constitutional right to tender advice in these matters and the Governor has full discretion to act independently of them.

(b) Special responsibilities

There are certain matters for which the Governor, like the Governor-General of the Federation, shall have a *special responsibility** to ensure efficient and impartial government. As the head of the Province, he is to see that this is done by the minister and if the ministers fail, he has special *powers in reserve* to be used to fulfil his special responsibilities. These *special responsibilities* are :

(i) *the prevention of any grave menace to the peace* and *tranquillity of the whole or any part of the province.*

(ii) *the protection of the legitimate interests of minorities.*†

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assurances were given by the Governors that they would not exercise their special powers to override the Congress ministers in their constitutional activities.

This created a constitutional deadlock. After a long and bitter controversy the Congress at last decided to accept office. A Congress ministry, since then, has been put in charge of the administration of a seventh province, the N. W. F. P., while in Assam a Congress coalition ministry has been formed.

* The Governor of the Central Provinces shall have, in addition, a special responsibility to see that a fair share of the revenue is spent on Berar, the Governor of Sind for the Lloyd Barrage Scheme and the Governor of the N. W. F. P. for the unimpeded performance of his duties as agent of the Governor-General in respect of the tribal areas.

† It is not intended that the Governor should oppose social or economic reform because it is opposed by a minority.

(iii) *the protection of the legitimate rights and interests of the Public Services.**

(iv) *the prevention of commercial discrimination.*

(v) *the protection of rights of Indian states.*

(vi) *the administration of partially excluded areas.*†

(vii) *securing the execution of orders or directions lawfully issued by the Governor-General to the Governor.*

(c) Special powers

To meet emergencies the Governor has been invested with special powers. So also to fulfil a special responsibility the Governor may have to disregard the Minister's advice and shall need *special powers* to act against the ministers. Special responsibilities bring special powers to the Governor. These powers may be classified as (i) *executive,* (ii) *legislative,* and (iii) *financial.*

(I) Executive powers

The Governor would have the power to take executive action to fulfil any of the special responsibilities. The Governor may, for this purpose, require Ministers and Secretaries to bring to his notice any matter involving any of his special responsibilities.

(II) Legislative powers

(1) Ordinances

(*a*) *The Governor,* as head of the Executive, *may, on the advice of his ministers, make Ordinances to meet any emergency* when the

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* The safeguards for the Services are for the purpose of keeping them contented outside the arena of party politics. It is not intended to give the members of the services an authority independent of and in rivalry to that of the Legislature. The servants of the state must have security of tenure and must be free from political influence and corruption if they are to give honest and satisfactory service.

† **Excluded Areas and Partially Excluded Areas**

His Majesty may, by Order in Council, declare particular areas in a province to be 'excluded' or 'partially excluded' from the new reforms.

The primary responsibility for the administration of *partially excluded areas* lies with the Ministers but the Governor has a special responsibility for them. The Garo Hills, the Mikir Hills, the Khasi and Jaintia Hills in Assam and Darjeeling in Bengal are partially excluded areas.

The responsibility for the administration of a wholly *excluded area lies* with the Governor who is to act in his discretion under the control of the Governor-General. Sadiya, Lakhimpur, Balipara, Naga and Lushai Hills in Assam and the Chittagong Hill Tracts in Bengal are wholly excluded areas.

The Governor may make *regulations* for the peace and good government of *both excluded and partially excluded areas.* Such regulations shall come into force on the assent of the Governor-General.

Legislature is not in session. Such an Ordinance shall lapse on the expiry of six weeks from the re-assembly of the Provincial Legislature or on a resolution passed by it to that effect. The responsibility for these ordinances shall lie mainly with the ministers because the Governor shall act on their advice.

(*b*) But *in the sphere of his special responsibilities, the Governor may issue Ordinances at his own discretion in an emergency.*

Ordinances are valid for six months in the first instance and never more than a year because they can be renewed only once for another six months and that with the concurrence of the Governor-General and Parliament.

(2) The Governor's Acts

In some cases the Governor may find that more permanent legislative action is required. He will then enact a Governor's Act, so called, to make it clear to the people that neither the Council of Ministers nor the Legislature is responsible for it.

It should be noted that such *Governor's Acts will be issued solely in the sphere of special responsibilities.*

The Governor shall present a bill to the Legislature with a message from him that it is essential, having regard to his special responsibilities, that the bill should become law at the expiry of one month. The Bill shall become a Governor's Act* even if the Legislature does not agree to it.

(3) Prohibition

The Governor may *prohibit* further proceedings in the legislature in respect of any bill which affects any of his special responsibilities.

(4) Veto

The Governor, in the name of His Majesty, may assent to bills passed by the Legislature, or *withhold his assent* or reserve it for the consideration of the Governor-General.

(III) Financial powers

The Governor, like the Governor-General, can restore any grant refused by the Legislature if his special responsibilities are affected.

(d) Powers relating to the Police

In India there is a good deal of distrust of the Police who are too often regarded as the agents and instruments of oppression. The

* The Governor's Acts will thus be easily and clearly distinguished from the Acts of the Legislature, although both the Acts shall have the same force. This power replaces the Governor's old power of certifying a bill relating to the reserved subjects against the wishes of the Legislature.

Britisher's apprehension is that in an effort to reform the police the Legislatures may make the position of the police weak. To ensure the maintenance of a strong, efficient and honest police force and to combat terrorism the Governor has been given special powers.

(1) *Any amendment or repeal of Police Acts or Police Rules requires the previous consent of the Governor.*

(2) *Information regarding terrorism shall not be disclosed to any one* excepting such members of the Police Force in the province as the I. G. of Police may direct or such other persons outside the force as the Governor may direct.

(3) *The Governor is to assume charge of any branch of government and, if necessary, to create new machinery for the purpose of combating crimes of violence aiming* at overthrowing the government or endangering the peace and tranquillity of the province.

(e) Powers in the event of a break-down

It may be that opposition to the government, both within the Council and outside, may tend to paralyse the government. The break-down of the constitution is no ordinary crisis. Wide discretionary powers have been given to the Governor to meet this possible crisis.

If it is found that the Government cannot be carried on, according to the provisions of the constitution, *the Governor would have power, at his discretion, to assume to himself* by proclamation such powers as appear to him to be necessary for carrying on the administration.

Such a Proclamation would have the effect of an Act of Parliament and will lapse after six months unless previously approved by both Houses of Parliament.

It is by this extraordinary power that the Congress provinces are being administered by the Governors.

The powers of the Governors are thus very wide but they are, for the most part, reserve powers which the Governor must not exercise if parliamentary government is at all to develop in India. *The fundamental principle of Provincial Government is that of ministerial responsibility to an elected legislature. The safeguards and reservations have, in law and theory, if not in effect, not merely qualified the grant of responsible government but have almost nullified it.*

Summary

The constitution of the Province is based, *in the main,* upon English constitutional theory and practice. The Governor is the representative of the King and shall, *for most purposes,* be the nominal executive. The real executive is the ministry responsible to the Legislature.

The safeguards in the new constitution are provided, mainly *through* certain *special executive, legislative and financial powers of the Governor.*

CHAPTER X

THE NEW GOVERNMENT

THE PROVINCIAL LEGISLATURE

The Provincial Legislature

In every Province there is a Provincial Legislature which consists of His Majesty, represented by the Governor, and

(*a*) in the provinces of Bengal, Bombay, Madras, the United Provinces, Bihar and Assam, two Chambers,

(*b*) in the other Provinces one Chamber.

Where there are two Chambers of the Provincial Legislature, the upper chamber is known as *the Legislative Council* and the lower chamber as the *Legislative Assembly,* and where there is only one Chamber, it is known as *the Legislative Assembly.*

Composition of the Provincial Legislature

The legislatures are *composed entirely of non-officials* including ministers. All members are elected (excepting a very few nominated by the Governor to the upper chamber only).

The *size* of the *Legislative Council,* which is the upper chamber, varies from 65 maximum in Bengal to 21 minimum in Assam. *The size of the Legislative Assembly,* which is the lower or the popular chamber, varies from 250 in Bengal, 228 in the U. P., 215 in Madras, 175 in Bombay and in the Punjab, 152 in Bihar, 112 in the C. P., 108 in Assam to only 50 in the North-West Frontier Province.

The Franchise

To make popular government more real the franchise or the vote has been extended. About 14 per cent of the people or 35 million men and women in British India have the vote under the new franchise (1935), which is based largely on *a property* and *tax-paying qualification,* e.g., payment of land revenue or rent or income-tax, also *an educational qualification,* e.g., matriculation, and *special qualifications to provide*

for the representation of women, the depressed classes, labour and retired officers and men of His Majesty's Forces.

The Electorates

The electorates are *the general constituencies, mainly Hindu, with reservations for the scheduled castes; special constituencies for Muhammadans, Sikhs, Europeans, Anglo-Indians and Indian Christians, also for commerce, industry, mining, planting and landholders' interests; universities; labour; and women.*

Life of the Legislature—Its Sessions

Every Legislative Assembly, unless sooner dissolved by the Governor, has a life limited to five years. Every Legislative Council is a permanent body not subject to dissolution but one-third of its members shall retire every three years.

The Legislature must meet at least once a year. *The Governor may, in his discretion, summon the Legislature, prorogue it and has the power to dissolve only the Legislative Assembly.*

The Governor may address the Legislature, or may, in his discretion, send messages to the Legislature.

Every Minister has the right to speak in or take part in the proceedings of the Provincial Assembly or in the case of Provinces having also a Legislative Council, in both the Chambers, but he has not the right to vote unless he is a member.

Election of the Speaker and Deputy Speaker

Every Provincial Legislative Assembly elects one of its members as its President known as the Speaker. A Deputy Speaker is also elected to preside in the absence of the Speaker. In the case of a Province having a second Chamber, the Legislative Council, that Council also elects its own President and Deputy President. Their salaries are fixed by the Provincial Legislature by an Act of the Legislature.

Quorum

The quorum or the minimum attendance of a meeting of a Provincial Legislative Assembly is one-sixth of its total number of members and the quorum of the Legislative Council is ten.

The oath of allegiance

Every member shall, before taking his seat, take the oath of allegiance. A member can vacate his seat if he becomes disqualified for any reason* or if he tenders his resignation.

Privileges of Members

The members of the legislature have the privileges of freedom of speech, publication of papers by order of either House and summoning witnesses to the Legislature.

Powers of the Legislature

(a) Legislation†

Both the Upper and Lower Houses have the power to initiate legislation except that money Bills are to be initiated in the Lower House only. A bill shall not be deemed to have been passed unless it has been agreed to by both the Chambers. The Upper House will see that the Lower House does not indulge in hasty and ill-conceived legislation. Should there be

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*** Disqualifications**

The disqualifications are

(a) *the holding of any office of profit under the Crown (ministers being exempted).*

(b) *unsound mind,*

(c) *insolvency,* and

(d) *conviction of crimes or of offences relating to elections.*

† The provincial legislature has been given a definite sphere of activities under the new constitution. Within that sphere the provincial legislature shall have exclusive authority to make laws in regard to subjects which have been enumerated as Provincial (List II). It shall also have a concurrent authority with the Central Legislature in respect of subjects which are entered in the Concurrent List (List III). In addition to these powers of legislation the Provincial Legislature may be empowered from time to time by the Governor-General to exercise residual powers of making laws.

No bill or amendment can be introduced, without the previous sanction of the Governor-General, which

(*a*) affects the sovereignty of the Crown in India, or the Royal Family,

(*b*) repeals, amends or is repugnant to any Act of Parliament or to any Act or Ordinance of the Governor-General,

(*c*) affects the exercise of discretionary powers of the Governor-General,

(*d*) affects the procedure of criminal trials in which European British subjects are involved, or

(*e*) affects the Army Act, Air Force Act or the Naval Discipline Act.

differences of opinion between the two Chambers with regard to a Bill which cannot be settled within 12 months, the Governor may convene a joint session of the two Houses. Any bill passed by a majority in the joint session shall be taken to have been duly passed. No bill can become law unless it is assented to by the Governor and published in the official Gazette.

The Governor may *assent, or refuse assent to, or reserve a bill for the consideration of the Governor-General*, or he may send it back to the Legislature for reconsideration. All bills are subject to disallowance by the Crown. The Governor has the power to prevent discussion of bills or amendments affecting any of his special responsibilities. The judges of High Courts are protected from criticism in the legislatures.

(b) Control of Finances

Money bills (*e.g., bills authorising taxation, expenditure or borrowing*) will be initiated in the Lower House only and shall not be introduced or moved except on the recommendation of the Governor. The Legislative Council or the upper chamber has no voice in the matter of grants for expenditure. These shall be presented in the form of demands for grants, on the recommendation of the Governor, to the Legislative Assembly and the Assembly shall have power to assent, or refuse assent, to a demand or reduce it. The Governor, like the Governor-General, can restore items not accepted by the Assembly if his special responsibilities are affected.

The Budget

The Governor must lay before the Legislature an annual financial statement embodying the estimates of revenue and expenditure or *the budget* of the province showing therein *separately*

(*a*) the sums charged on the revenues of the province, e.g., *the salary and allowances of the Governor, Ministers and certain other officials, the debt charges of the province, administration of excluded areas,*

(*b*) the sums required to meet other expenditure of the province,

and shall also distinguish revenue expenditure from other expenditure.

The Legislative Assembly may discuss but it shall not vote on and shall have no control over the estimates of expenditure charged on the revenues of the Province. All other expenditures shall be open to the discussion and vote of the Assembly. The Upper House cannot vote but can only discuss the budget.

The schedule of expenditure or the grants authorised by the Assembly shall be authenticated by the signature of the Governor who can restore any demand, refused or reduced by the Assembly, if it affects any of his special responsibilities. The Budget is presented in the Assembly by the Finance Minister with a budget speech which is followed by a general discussion and votes on each demand for grant.

(c) Control of the Executive

The ministers, being responsible to the Legislature, shall be under its control. This control amounts, in effect, to dismissal of Ministers whose policy and administration would not be approved by the Legislature.

The Legislature shall have no control over the administration of excluded areas or when the executive head, the Governor, acts in the discharge of any of his special responsibilities.

The Legislature in Bengal

The *Legislative Council* or the Upper House in Bengal contains not less than 63 and not more than 65 members (of whom not less than 6 and not more than 8 are nominated by the Governor). But serving officials will not be entitled to nomination. Of the elected members, 27 are elected by the Lower House and the rest are directly elected, 17 by Muslim constituencies, 3 by European constituencies and 10 others from general constituencies.

The *Legislative Assembly* or the Lower House is composed of 250 members, all elected.* There are no nominated members and no officials in the Legislative Assembly. Under the new reforms 7·5 million or 15 per cent of the total population in Bengal has the vote, as against 1·2 million or 2·5 per cent under the old Act.

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* The *general* seats are 80, of which 2 are for women and 30 are reserved for the *Scheduled castes,* 119 seats for *Muhammadans* including 2 women, *Anglo-Indian* seats are 4 including one woman, *Europeans* 11, *Indian Christians* 2, *Landholders* 5, *the Universities of Dacca and Calcutta* 2, *Commerce and Industry* 19 and *Labour* 8—making a total of 250.

TABLE OF SEATS

Provincial Legislative Assemblies

1	2	3 General seats	4	5	6	7	8	9	10	11	12	13	14	15 Seats for women	16	17	18	19
Provinces	Total Seats	Total General Seats	General Seats reserved for Scheduled Castes	Seats for representatives of backward areas and tribes	Sikh Seats	Mahomedan Seats	Anglo-Indian Seats	European Seats	Indian Christian Seats	Seats for representatives of Commerce, Industry, Mining and Planting interests	Landholders' Seats	University Seats	Seats for representatives of labour	General	Sikh	Mahomedan	Anglo-Indian	Indian Christian
Madras	215	146	30	1	—	28	2	3	8	6	6	1	6	6	—	1	—	1
Bombay	175	114	15	1	—	29	2	3	3	7	2	1	7	5	—	1	—	—
Bengal	250	78	30	—	—	117	3	11	2	19	5	2	8	2	—	2	1	1
United Provinces	228	140	20	—	—	64	1	2	2	3	6	1	3	4	—	2	—	—
Punjab	175	42	8	—	31	84	1	1	2	1	5	1	3	1	1	2	—	—
Bihar	152	86	15	7	—	39	1	2	1	4	4	1	3	3	—	1	—	—
Central Provinces and Berar	112	84	20	1	—	14	1	1	—	2	3	1	2	3	—	—	—	—
Assam	108	47	7	9	—	34	—	1	1	11	—	—	4	1	—	—	—	—
North-West Frontier Province	50	9	—	—	3	36	—	—	—	—	2	—	—	—	—	—	—	—
Orissa	60	44	6	5	—	4	—	—	1	1	2	—	1	2	—	—	—	—
Sind	60	18	—	—	—	33	—	—	—	2	2	—	1	1	—	1	—	—

In Bombay seven of the general seats shall be reserved for Marathas.

In the Punjab one of the Landholder's seats shall be a seat to be filled by a Tumandar.

In Assam the seat reserved for women shall be a non-communal seat.

TABLE OF SEATS

Provincial Legislative Councils

1 Province	2 Total of Seats	3 General Seats	4 Mahommedan Seats	5 European Seats	6 Indian Christian Seats	7 Seats to be filled by Legislative Assembly	8 Seats to be filled by Governor
Madras	Not less than 54 Not more than 56	35	7	1	3	...	Not less than 8 Not more than 10
Bombay	Not less than 29 Not more than 30	20	5	1	...	...	Not less than 3 Not more than 4
Bengal	Not less than 63 Not more than 65	10	17	3	...	27	Not less than 6 Not more than 8
United Provinces	Not less than 58 Not more than 60	34	17	1	...	...	Not more than 8 Not less than 6
Bihar	Not less than 29 Not more than 30	9	4	1	...	12	Not less than 3 Not more than 4
Assam	Not less than 21 Not more than 22	10	6	2	...	...	Not less than 3 Not more than 4

Relations between the Executive and the Legislature

The function of the Executive is to govern and administer, that of the Legislature to vote supplies, to criticise, to educate public opinion and to legislate. A great mischief may result from attempts by either to invade the sphere of the other.

In India the difficulties of ministries in future would be greater than in the past for two reasons. (1) *They will no longer be able to depend on the solid support of the 'official bloc'* and (2) *each ministry shall be a composite ministry,* unless it is a Congress ministry, since the Legislature is based on a system of communal representation. The ministry thus formed must tend to be representative not, as in the United Kingdom, of a single majority party or even of a coalition of parties but also of minorities as such. *Besides, the further difficulty would be that if the Ministry is faced by an obstructive Legislature, the dissolution of the Legislature would not bring about a better result,* because the ministries would be based on communal differences and a new Legislature will have the same complexion as the old. As the development of the sound relationship between Ministers and the Legislature depends on the *collective responsibility of Ministers to* Legislature, which is again very *difficult unless the Ministers are a homogeneous body,* that would surely entail a proper selection of Ministers. *The special responsibilities of the Governor also impair ministerial responsibility.* Further, provision has been made for a strong and *efficient Civil Service,* which shall not be affected by the changes of political parties and shall be free from political or communal bias but may claim *authority independent of and in rivalry to the Legislatures.*

The difficulties are great for the realisation of Responsible Government in India on the lines of the United Kingdom. These difficulties have been indicated and it would depend on how they are faced and in the end surmounted by Indians.

Summary

In every province there is a provincial legislature consisting of His Majesty represented by the Governor and two chambers in Bengal, Bombay, Madras, the U. P., Bihar and Assam and one chamber in other provinces. When there are two chambers, the upper house is called the Legislative Council and the lower the Legislative Assembly. Otherwise the provincial legislature is called the Legislative Assembly.

The legislatures are wholly elected except a few nominations to the upper chamber.

CHAPTER XI

THE DISTRICT ADMINISTRATION

A province is generally divided into a number of *divisions* each under a Commissioner. Every division again is subdivided into a number of *districts* each in the charge of a District Officer. The *district*, though it comprises several *subdivisions* each under a subdivisional officer, *is the unit of government.*

The Commissioner

The Commissioner has no judicial duties but he is a high revenue official and possesses large powers as regards the administration of revenues of his division.* In revenue cases he acts as a court of appeal. He also exercises powers of control and supervision over the collectors of the districts within the division.

The Commissioner is the channel of communication between the district officer and the provincial government. Also, in some provinces, he exercises almost direct control over local self-governing bodies.

The District Officer and his functions

The Magistrate and Collector (known as the Deputy Commissioner in non-regulation districts) occupies a dual position in the district. "As collector he is head of the revenue organisation and as magistrate he exercises general supervision over the inferior courts and, in particular, directs the police work."

*** The Board of Revenue**

The Board of Revenue in Bengal, consisting of only one member who is assisted by a Secretary, is the final authority relating to the administration of land revenue in the province including collection, settlements and surveys. In revenue matters, it has both revisionary and appellate jurisdiction and is responsible for the management of estates under the Court of Wards.

The District Officer is also expected to exercise some amount of control and supervision over certain other departments though these are not directly placed under his charge. He is to supervise, for instance, the jail administration and also the work of the Executive Engineer, the Civil Surgeon, the District Inspector of Schools and the Forest Officer.

The District Officer exercises controlling power, in varying degrees, with regard to the self-governing institutions, *e.g.*, Municipalities, District Boards, Local Boards, Union Boards and Punchayets.

Local Influence of the District Officer

The District Officer has to perform many social duties which are due to the position he occupies in the district. The District Officer represents the government to the people of his district. He is not a mere mouthpiece of the government but has to do many things on his own initiative and responsibility. When the District Officer happens to be a man endowed with tact, sympathy and imagination, he can influence for good the life of the people in many ways.

An impossible task

But the demands made upon him are so many and so varied in character that it is well-nigh impossible for a man, however gifted he may be, to meet adequately all of them. But the bureaucratic and centralised nature of our Government has rendered necessary the combination of all these functions in one single office, however absurd the whole arrangement might seem to be.

An anomaly—and a grievance

The complaint that is most heard of is about the District Officer combining in himself the executive and the judicial functions. As the man responsible for the maintenance of law and order in the district he is ultimately responsible for the prosecution of accused persons who are brought up for trial before him or before magistrates who are subordinate to him.

Where the prosecutor is also the judge there is every possibility of a miscarriage of justice. In fact, justice cannot be honestly and efficiently administered in such cases. One of the fundamental principles of justice is that not only the magistrate should do justice to the

accused but the accused person should feel that he is getting justice which is hardly possible under the present system.

The official arguments advanced against the separation of the two powers, executive and judicial, vested in the district officer do not carry much conviction. Sir George Anderson approvingly quotes Sir Henry Lawrence that the Indian people prefer justice to law, and that the district officer can give prompt and speedy justice. But it is forgotten that *there can be no justice outside law.* A tyrant may deal out justice and prompt justice in some cases but it cannot be expected that he will deal out justice in all cases. The supremacy of law and the separation of powers have, therefore, been considered in all civilised countries, including Sir George's own, to be the best guarantees of justice. The other plea, namely, of economy, might as well be ruled out because it may be shown that the separation would not involve such multiplication of officials as would make really serious inroads on the public purse.

The separation of the judiciary from the executive is, therefore, a much-needed reform in India. The district officer should be made only the executive head of the district and the magistracy should be made independent of the executive to meet the ends of justice.

Summary

The province is split up, for administrative convenience, into divisions under Commissioners. Each division, again, comprises several districts, each in charge of a District Officer.

The District Officer in India enjoys considerable powers and wields a great influence.

As the district is the unit of government, so the district officer is *the pivot of the administration.*

CHAPTER XII

INDIAN STATES

Legally and politically there is not one India, but two. There is British India and there is Indian India—the India of the Native States.

British India is directly under the Government of India with the ultimate control and authority vested in the British Government. 'Indian India is not a British possession but a group of British protected States—its inhabitants are not British subjects.'

One of the important events in India in the last 10 years has been the rapid development of the influence and importance of the Indian States.

Area and Population

The Indian States which are 562* in number have an area roughly 40 per cent. of the total for the whole of India. They are much less densely populated and can claim only 23 per cent. of the total Indian population.

The administration

Of the Indian States Mysore takes the lead in political and economic progress and is well-governed. Other important States are Hyderabad, *Baroda, Gwalior, Kashmir, Bhopal, Travancore,* Bikanir and Jaipur.

The administration of the Indian States, of whom the great majority are very small, was commonly backward and in some cases actually oppressive. The revenues went largely to maintain the pomp and luxury of the ruling princes and their courts. The administration is sometimes so inefficient that the Viceroy or his representatives in the States, the *political officers,* have ample ground for intervention.

They are, however, not checked or interfered with so long as they are loyal.

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* Of which 108 are Salute states, 127 are non-Salute states and 327 are small estates and Jagirs. All these estates have been classified and arranged under 17 groups for purposes of Federation according to their size and importance.

Some of the States are progressive and the administrative standards compare not unfavourably with British India. Travancore and Mysore, for example, are to-day just as progressive as any British Indian province. Hyderabad and Mysore have got their Universities. The standard of literacy in Travancore is the highest in India. Baroda is carrying out a policy of free compulsory education. But, politically, only a very few are really democratic.

The wave of political agitation that is sweeping over India has not left the States completely immune. There are signs of grave political discontent in states which have not been able to adapt themselves to the social and political changes of the times. Some have greatly improved their administrations but many have considerable leeway to make up.

The status of Indian States *

The Indian princes claim† to be absolute rulers of their states and that their states are sovereign except in so far as their sovereignty has been impaired by their relations of 'subordinate co-operation' with the British Crown which is the Paramount Power in India.

'The Indian states are not British territory and the subjects of the rulers are therefore not natural-born British subjects.' (Keith). So they are not bound by laws referring to British subjects, but in order to secure their position when outside India they are ranked as British protected persons.

They are in permanent and indissoluble alliance with the British Crown by *treaties and agreements* which define their rights and obligations.

Their loyalty and allegiance is to the British Crown to which they have entrusted their defence and protection and the conduct of their foreign affairs. They cannot make war nor are they permitted to enter into any relations directly with a

* Nepal is an independent Hindu State friendly to the British but not in any way subordinate to it.

† But this claim has been disputed not only by democrats in India but also by so great an upholder of autocratic tradition as our former Viceroy, the late Lord Reading, also an eminent jurist, who in a famous declaration *re.* the position of the States *vis-a-vis* the Crown, said, 'Paramountcy knows no limitation'. This Reading declaration completely demolishes the Indian princes' claim or title to sovereignty.

foreign power. Their succession has to be approved by the Crown and the princes can be deposed in cases of gross incompetence or of disloyalty.

The Indian States present a remarkable variety in size, importance and powers. The petty chiefs in Kathiawar have only a few acres, a revenue of a few thousand rupees a year and some nominal jurisdiction.

The bigger states like Hyderabad, on the other hand, are as big as some of the British Indian provinces, managing their own internal affairs, administering their own laws through their own courts with powers of life and death over their own subjects, having their own police and prisons, managing their own money and maintaining their own 'little' armies. If and when the States join the federation, the federal legislature will legislate for federal subjects affecting the States. Likewise the federal executive and the federal court will have jurisdiction in the federal spheres.

There is, as a rule, a British Resident or other Agent whose duty it is to offer advice to the Ruler and to report to the British authorities. *In practice the British Resident or the Agent is the virtual ruler of the state.*

There is always the right of the Crown to intervene in the administration of the Indian States. Intervention may take place by the British Crown as paramount power (1) in the British imperial interests, (2) in the interests of the Rulers and (3) in the interests of the States subjects.

Persistent absence from State is a ground for intervention. The native States are seldom interfered with except in cases of gross misgovernment. The result has been that many of the States are still far from the democratic ideal.

The Narendra Mandal

Questions affecting the states and questions of common interest are discussed in the Narendra Mandal (The Chamber of Princes) constituted in 1921. Membership of the Chamber is optional but all the ruling chiefs have not the right to attend its meetings.

The Chamber has no executive functions, but is a deliberative and consultative body. The Governor-General is the President of the Chamber.

It has an elected Chancellor and Vice-Chancellor, and an elected Standing Committee of six members.

The weight and influence of the Chamber has been diminished by abstention on the part of some important States such as Hyderabad, Kashmir, Mysore and Travancore but it has served to strengthen *common* action by the princes to secure concessions.

The Problem of the Indian States

Of late the Princes' Chamber has been preoccupied with the future status of the Indian Princes in the proposed All-India Federation and they have held several conferences for this purpose. Their apprehensions are two-fold—(*a*) the fear of the British Indian politicians who might, when they come into power, bring political and economic pressure on them to force them to reform their administration; and (*b*) the fear of the increasing power of the British political officials who have, in recent years, intervened in the administration of Nabha, Hyderabad, Kashmir and Alwar in a manner unwelcome to the Princes concerned. It is suggested that the right to intervene has been used in some cases immoderately or unnecessarily and should be limited to clear cases of gross mismanagement.

*The misgovernment in the states furnishes good grounds for British intervention and for popular agitation for reform.** The States people's fight is primarily a fight for civil liberties but it has also the same objective as in British India—*responsible government in a democratic state*. This latter aim can only be realised by an end of feudal autocracy in the states.†

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* Whether the States federate or not, they must carry out some essential reforms to justify their continuance : *a reasonable Civil List, representative assemblies, a system of law based on modern principles, an impartial judiciary, a strong and efficient Civil Service with security of tenure, the subjection of the executive to judicial control, social and economic reform.*—Keith.

And for this both persuasion and authority have to be employed to bring them up to the standard.

† The question whether individual rulers were good or bad does not arise. They might be good; they might be bad; but the demand of the public is that there should be an end to the autocratic system of administration that has been prevalent in the States—a system unparalleled in the history of the world—and that the administration should be based on real democratic principles.—Sardar Patel, 15th June, 1939.

Indian States in the New Constitution

Under the New Constitution it is proposed that the States should have direct relations with the Crown through the Viceroy—it means that, British control over them remains unimpaired. But in certain specified matters of common interest the Indian States will work in a federation with British India. The federation proposed is between an autocratic Indian India and a democratic British India. The federal system demands that the surrender by the states of their autonomy should be sufficient to make the federation real. What they surrender will be of little importance as compared with what they desire to retain. British India does not gain by the Princes' entry into the federation because the Princes surrender none of their present powers and privileges—rather British India loses because it comes under the control of reactionary Indian princes. The Princes will dilute its democracy.

The Princes gain because they secure control in a field where they had none before.

Summary

Legally and politically there is not one India, but two. There is British India and there is Indian India—the India of the Native States.

The administration of the Indian States was commonly backward and inefficient. The stirrings of national consciousness in British India have not failed to produce their reactions on Indian States where the people are now demanding political, social and economic reforms.

The *status* of the Indian States is one of *'subordinate co-operation'* with the British Crown which is the Paramount Power in India and with whom they are indissolubly bound by treaties and obligations.

All the States are not of equal status. The Crown can intervene in their administration in the imperial interests, in the interests of the Princes and in the interests of the States subjects. In cases of disloyalty or gross incompetence the Princes can be deposed by the British Crown.

The Princes have an organisation known as the Narendra Mandal.

CHAPTER XIII

THE JUDICIAL SYSTEM

The early charters did not contemplate anything more than enforcing English law in India in respect of servants of the Company.

The old and cumbrous system of judicial administration, whereby criminal justice was administered by Muhammadan judges appointed by the Nawab in accordance with the Muhammadan law and civil justice was administered by the Company's officials in accordance with a separate code of civil law, having failed, Warren Hastings tried to organise the judicial administration by dividing the province into several districts. This was the origin of the district system.

The Collector was placed in charge of the civil court. He was assisted by Hindu and Muhammadan assessors and also by subordinate judges in the mofussil. These district civil courts were subordinate to provincial Courts of Appeal. The latter again were subject to the final appellate jurisdiction of the Sudder Dewany Adalat.

Criminal law continued to be administered by Muhammadan judges but under the supervision of the District Collector. And these criminal courts were, likewise, under the final appellate jurisdiction of the Sudder Nizamat Adalat at Calcutta.

The Regulating Act of 1773 had sought to regulate the system of judicial administration also. A Supreme Court of Judicature was established in Bengal with a Chief Justice and 3 other judges in 1773. Similar courts were established in Madras in 1801 and in Bombay in 1823.

The British Government has all along been cautious in interfering with the laws, customs and usages of the land.

In 1833 Macaulay was appointed the first Law Member to undertake an examination of Hindu and Muhammadan Laws and he prepared the ground for the formulation of the two famous codes—the Indian Penal Code and the Criminal Procedure Code which were drawn up 20 years later.

The Criminal Procedure Code lays down the procedure which a magistrate is to follow in trying a criminal case.

The Civil Procedure Code was framed later. It prescribes in detail the procedure to be followed in the trial of civil suits. These codes are revised from time to time so that they may not be outworn and obsolete.

Besides these codes there are numerous other laws, judicial rules, decisions and precedents which regulate the judicial administration of the country.

For Europeans the law of India is, in the main, English law; for non-Europeans, there is the appropriate personal law—the two great systems being the Hindu and the Muhammadan law. In tribal areas, justice is still administered by the tribal *jirgas* or the Council of Elders.

The chief defects of the judicial system are due to the imperfect severance of judicial and executive functions and to the close association of the magistrate with the police.

The Judicial Committee of the Privy Council

Every subject of His Majesty the King has a right of appeal to the King in Council to remedy defects of justice done to him by any court. The Judicial Committee of the Privy Council, composed of the Lords of Appeal in Ordinary assisted by members of the Council having judicial experience, hears these appeals from all parts of the Empire. Indian appeals are heard by the Lords of Appeal with two Indian judges appointed for this purpose.

In practice appeals* are allowed only from the highest courts in the provinces and on defined conditions.†

The Federal Court

The new Constitution provides for the establishment of a Federal Court consisting of a Chief Justice of India and six puisne judges, appointed by the King-Emperor to hold office till 65 unless they resign, subject to removal for infirmity or misbehaviour if the Judicial Committee so recommends.

The decisions of the Federal Court and of the Privy Council shall bind all courts in India and shall be given effect to throughout the Federation.

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* Against such appeals to the Privy Council it is argued that it is undignified for a country to go outside its limits for justice; that ignorance of local conditions causes errors in the decisions of the Privy Council; that the process is expensive and dilatory and that it tends to lower the national status.

† Appeals to the Privy Council lie generally in civil cases where the value of the disputed property is Rs. 10,000 or more. Leave to appeal is also granted by the High Court where it is thought fit. Generally no appeal lies in a criminal case excepting where the High Court grants special leave to appeal or where the case raises a point of law of exceptional importance.

The Judges of the Federal Court must have been either

(*a*) for at least five years a Judge of a High Court in British India or of a Federated State or

(*b*) a barrister, an advocate or a High Court pleader of at least 10 years' standing.

The seat of the Federal Court shall be Delhi and it will have,

(*a*) *an original jurisdiction,*

(*b*) *an appellate jurisdiction in appeal from High Courts in British India and*

(*c*) *an appellate jurisdiction in appeals from High Courts in Federated States.*

Original jurisdiction of the Federal Court

The federal Court shall have *exclusive original jurisdiction in any legal dispute between any two or more of the following parties, e.g., Federation, any of the Provinces, any of the Federated States.* The Federal Court shall in its original jurisdiction pronounce only a *declaratory judgment, a judgment declaring the respective rights of the parties.*

Appellate jurisdiction of the Federal Court

The appellate jurisdiction extends to appeals from High Courts in British India, if the High Courts certify that the case involves a substantial question of law as to the application and interpretation of the Constitution Act or any Order in Council made thereunder.

The federal legislature shall have the power to enlarge the appellate jurisdiction of the Federal Court by special legislation. But no appeal shall lie under any such Act unless (*a*) the matter in dispute is not less than Rs. 50,000, or such other sum not less than Rs. 15,000 as may be specified by the Act or unless (*b*) the Federal Court gives special leave to appeal.

The appellate jurisdiction of the Federal Court shall entertain appeals from High Courts in Federated States on a question of law which has been wrongly decided. Such question must be one concerning the interpretation of the constitution or any Order in Council made thereunder or concerning the authority of the Federation in that State.

Appeals to His Majesty in Council

After the establishment of the Federal Court from its decision an appeal may be brought to His Majesty in Council only

(1) by leave of the Federal Court or,

(2) by leave of His Majesty in Council. His Majesty in Council shall continue to enjoy the royal prerogative to hear appeals from all subjects of the King.

High Courts

The Indian High Courts Act which was passed in 1861 abolished the old courts at Calcutta, Bombay and Madras and set up High Courts of Judicature at those places. Later on, High Courts have also been established at Lahore, Allahabad, Patna and Nagpur. In places where the judicial work is not so important as to warrant the establishment of High Courts there are Chief Courts as in the case of Oudh or Courts of Judicial Commissioners as in the North West Frontier Province and Sind. These courts take the place of, and rank as High Courts in those places.

The High Courts are the highest courts of appeal in the provinces. The High Courts at Calcutta, Bombay and Madras have, in addition, an original jurisdiction.

All the High Courts have also *the right of revision and the right to superintend* the work of the subordinate courts in the province.

Jurisdiction of the High Courts

The High Courts in the three Presidencies exercise *original jurisdiction* in civil and criminal cases within the limits of the Presidency towns of *Calcuttta, Bombay* and *Madras* where they act as the courts of first instance in respect of certain matters and offences.

The Presidency High Courts as well as the other High Courts are courts of appeal from all courts within their respective provincial jurisdiction. This jurisdiction is known as *appellate jurisdiction.*

Even where an appeal does not lie, a High Court can exercise what is known as its *right of revision* in respect of decisions passed by a lower court when considerations of justice demand it.

A High Court exercises its *powers of superintendence* over all courts subordinate to it. It can direct the transfer of any suit from one court to another. It may call for returns. It makes and issues general rules and prescribes forms for regulating the practice and proceedings of courts subordinate to it.

The High Courts in all provinces have been provincialised by the Act of 1935 and have come under the control of the Governor of the province *acting in his individual judgment.*

Composition of a High Court

A High Court has a Chief Justice and a number of other judges known as puisne judges. They are all appointed by the King-Emperor. Additional judges may also be appointed by the Governor-General in Council. The maximum number of Judges of a High Court shall be twenty.

A Judge of a High Court must be either

(*a*) a barrister of England or Ireland or a Scottish Advocate, or

(*b*) a member of the I. C. S. of at least ten years' standing who served for not less than three years as a district judge, or

(*c*) a person who has held judicial office not inferior to that of a subordinate judge or a judge of a small cause court for at least five years, or

(*d*) a High Court advocate who has practised for not less than 10 years.

The District and Sessions Judge

The District and Sessions Judge exercises the highest original jurisdiction in the district, both civil and criminal. He also exercises appellate jurisdiction over the magistrates and civil judges of the district.

Inferior Civil Courts

Subordinate judges and munsiffs are civil judges subordinate to the District Judge who supervises the work of and hears appeals from all subordinate courts.

Small Causes Courts

For cheap and speedy trial of petty civil suits there are Presidency Small Causes Courts in the Presidency towns. In the mofussil also there are courts of small causes but these differ in certain respects from the Presidency Small Causes Courts. Unlike the decrees of other courts the decrees of the Small Causes Courts are generally not appealable.

Union Courts

Union Boards are sometimes empowered to try civil and criminal suits of a very petty nature.

Administration of Criminal Justice

The Sessions Judge

As regards the administration of criminal justice, one or more districts constitute a sessions division for which there is a Sessions Judge. We have seen before that the same person acts as the District and the Sessions Judge. The Sessions Judge tries persons accused of graver offences with the help of jurors or assessors. The Sessions Judge also exercises appellate jurisdiction over all magistrates in the district. A Sessions Judge may pass any sentence authorised by law, but a death sentence by him is subject to confirmation by the High Court. An appeal lies from the judgment of a Sessions Judge to the High Court.

Presidency Magistrates

In the Presidency towns there are Presidency Magistrates from whose decisions appeals lie only to the High Court.

Inferior Magistrates

In the district there are *magistrates with 1st, 2nd* and *3rd class powers*. Some of them are non-stipendiary and are known as *Honorary Magistrates*. All are subject to the appellate and revisional jurisdiction of the Sessions Judge. There are *Bench Courts* also which try petty criminal cases.

Trial by jury

Trial by jury means that the accused person is to be tried by a number of men, who are unversed in the intricacies of law and who will base their verdict on what appears to them, as plain, honest and matter-of-fact people, to be the facts of the case as brought out by the evidence given in Court. The jury decides questions of fact and the judge decides the questions of law. In a criminal trial there are usually two versions of facts: the version of the accused and the version of the prosecution. It is for the jury to decide which of the two they are to accept as the true version of facts.

In India the system of trial by jury exists only for cases triable by a Court of Sessions. Civil suits or criminal suits as are not triable by a Court of Sessions are tried without the help of a jury. In the less advanced parts of the country assessors instead of jurors are appointed.

The verdict of assessors, however, is not binding on the judge. The scope of jury trial in India is, therefore, somewhat limited.

In the District Sessions, the trial is held by the Sessions Judge, assisted by a jury composed of not more than nine and not less than five persons.

In a district trial the decision of a majority of jurors is generally binding on the judge but if the judge is of the opinion that the verdict of the jury is wrong or perverse he may refer the case to the High Court for orders.

In a High Court trial the number of jurors will be nine. Their verdict, if unanimous, is binding on the judge even if he disagrees with it. If the jury is divided, then the majority verdict is not binding. The judge may not accept the verdict of the majority in which case he has the power to dismiss the jury and to have the case retried by another judge with the help of a fresh jury.

Accused persons, Indian or European, may claim to be tried by a jury in which there would be a majority of persons belonging to their own race.

Privileged Persons

The Governor-General, Governors, Lieutenant-Governors and Chief Commissioners are not subject to the original jurisdiction of any High Court by reason of anything done by any one of them in their public capacity. They are also not subject to the original criminal jurisdiction of any High Court in respect of any offence except that of treason or felony. These immunities are enjoyed also by the Chief Justice and other judges of the High Court.

Though law is said to be no respecter of persons, for a long time Europeans in India could not be tried in any court except a High Court. Even at present, Europeans may claim to be tried by first class magistrates only.

Law Officers

We have in India a number of law officers of the Crown. There shall be an Advocate-General for the Federation to be appointed by the Governor-General to advise the Federal Government in legal matters. Each of the provinces also has an Advocate-General, appointed by the Governor, to be the legal adviser of the Provincial Government. Then there are Legal Remembrancers in charge of the legal work of the governments in the various provinces. There are public prosecutors

attached to all criminal courts of importance and there are also government pleaders who represent the interests of the Crown in all civil cases instituted by or against it. In the three presidency towns there are sheriffs who have to perform certain important court duties.

Civil Courts	**Criminal Courts**
1. The Judicial Committee of the Privy Council.	1. The Judicial Committee of the Privy Council.
2. High Courts; Chief Courts; Courts of Judicial Commissioners.	2. High Courts; Chief Courts; Courts of Judicial Commissioners.
3. Courts of District Judges.	3. Sessions Courts.
4. Courts of Subordinate Judges —First Class.	4. Presidency Magistrates' Courts.
5. Courts of Subordinate Judges —Second Class.	5. Courts of First Class Magistrates.
6. Courts of Small Causes.	6. Courts of Second Class Magistrates.
7. Courts of Munsiffs.	7. Courts of Third Class Magistrates.
8. Union Courts.	8. Courts of Honorary Magistrates: First, Second and Third class.
	9. Bench Courts.

Summary

There is no supreme court of justice for all India within the country. There are High Courts, Chief Courts and Courts of Judicial Commissioners in the provinces. Appeals from them lie to the Judicial Committee of the Privy Council in London. But it is proposed to make the Federal Court, now sitting at Delhi, the highest court of appeal in India with the right of hearing appeals from the High Courts in British India and the Federated States. The Federal Court at present only enjoys the right of interpreting the Constitution.

The District and Sessions Judge exercises the highest jurisdiction, civil and criminal, in the district.

Besides, there are subordinate judges, magistrates and courts of different grades for dealing with civil and criminal cases.

CHAPTER XIV

THE SERVICES

In Britain the entire civil service is recruited by a single authority. In India this is not the case.

Some are recruited by the Secretary of State, some by the Government of India and the rest by the Governments in the provinces.

The Defence Services

The fullest control over recruitment and conditions of service in the defence forces is reserved to His Majesty and his Secretary of State.

When the Federal Government is established, responsibility for defence, in respect of both policy and expenditure, will rest with the Governor-General alone in his discretion, subject to the general control of the Secretary of State.

The Commander-in-Chief will cease to be a member of the Government but will remain in supreme command of all the armed forces, and will be the technical adviser to the Governor-General on questions of strategy, war preparation and the conduct of war. The Governor-General may, in his discretion, appoint a Counsellor to assist him in the administration of defence.

The ranks of the Indian Army are not open to all Indians, irrespective of caste and creed, but are confined to certain so-called martial classes, most of whom come from the Punjab and Nepal.

As regards the officers of the Indian Army a policy of progressive Indianisation has been adopted but progress has been painfully slow.

The Central Services

There are services engaged on matters directly under the management and control of the Central Government, *e.g., audit and accounts, state railways, posts and telegraphs*. These are known as the Central Services.

Some of the officers of the Central Services are recruited by the Secretary of State who is for them the final controlling authority. Most of them are to-day appointed by the Government of India to whose control they are subject.

The Other Services

There are also services which work generally under the provincial governments.

Of these services there are three grades—*The All-India Services, the Provincial Services* and *the Subordinate Services.*

The Civil Services in the New Constitution

In future, appointments to the *federal services* will generally be made by the Governor-General and for *the provincial services* by the Governor.

(1) The recruitment and control of the Indian Civil Service, the Indian Medical Service (Civil) and the Indian Police shall be made by the Secretary of State until Parliament otherwise directs.

(2) The regulation of all other services is to be conducted by the appropriate authority in India and not by the Secretary of State.

(3) In regard to the recruitment and discipline of services, other than the subordinate services, Governments must act in consultation with independent and impartial Public Service Commissions.

(4) The Governor-General and the Governors, each in his own province, shall have a special responsibility for the protection of the rights and interests of the services.

(5) The Governor shall take over from the High Court the appointment of district judges and the subordinate judiciary.

The All-India Services

The All-India Services were formerly mostly recruited by the Secretary of State. In the case of the officers of the *Indian Civil Service* and of the *Indian Police Service,* as the Secretary of State enters into covenants or contracts with them for service on specified conditions, they are known as *"covenanted" services.* An officer of an All-India Service generally passes the whole of his life in the province to which he is assigned. But he remains liable to serve anywhere in India. Other All-India Services are the *Indian Forest Service,* the *Indian Service of Engineers* (Roads and Buildings Branch), the *Indian Educational Service* (further recruitment has been stopped), the *Indian Agricultural* and *Veterinary Services* appointments to which are generally made by the Government of India.

The Central Services

As for the services directly under the Government of India, the Central Services, *e.g.*, the Indian State Railways, Indian Posts and Telegraphs, Imperial Customs Services, they are almost wholly recruited by the Government of India and are under its immediate control.

One marked feature of these All-India and Central services is the preponderance of the European element in them. Out of a total of about 3500 officers only 1227 are Indians.

Special privileges are granted to superior services. It is unfortunate that ministers or the legislatures should have no voice in determining the salaries, allowances, conditions and even petty details relating to the superior services in the country.

As Kunwar Sir Maharaj Singh has said, 'It is not only a question of national dignity or efficiency, but it is primarily a question how you can get the best of your servants if you are not in a position to control them.' Who can ever conceive of the Services in any country being manned, regulated or controlled by an alien power? 'A government cannot govern if it cannot freely and fully govern its own servants', says Pandit G. B. Pant, Ex-Chief Minister, U. P. It is necessary in the national interest that the Services should be recruited by the Indian governments under their own control and on salaries which they can afford.

The Provincial Services

The Provincial Services constitute the middle grade of the administration. These are the provincial civil, medical, police, educational, agricultural, forest and engineering services.

These officers are appointed by the provincial governments generally from within the province. Recruits are generally graduates of high qualifications and come generally from the same social status as the Indian officers of the All-India Services. They have little to distinguish them from their lucky superiors in the superior services excepting that they get lower pay and a disproportionately lower official position.

The Subordinate Services

The subordinate services form the lowest grade of the official administration in India and are recruited like the

provincial services by the provincial governments from men of somewhat lesser qualifications.

Indianisation of Services

The demand for Indianisation of Services is older than the Congress. In the Charter of Acts of 1833 and 1853 as also in the Queen's Proclamation of 1858 it was affirmed that race, colour or creed would be no bar to any appointment under the Crown in India. These pious declarations were followed by the appointment of Commissions in 1887 and 1912, which also did not produce any result satisfactory to the Indians till the Montagu Declaration of 1917, which expressed the Government's intention to recruit an increasing number of Indians to superior services in India from which they were, in effect, shut out.

The Preamble to the Government of India Act of 1919 also contained an announcement of the policy of the government to provide for *'an increasing association of Indians in every branch of the administration'* with a view to the ultimate replacement of Britishers by Indians in the superior services of India.

The question was examined in detail in 1920 by the Lee Commission on Indian Services which recommended the recruitment of an increasing number of Indians in the superior services which were almost wholly manned by British officers. According to their recommendations certain services have been wholly Indianised.

The proportion of Indians in the Indian Civil Service (which in 1929 was only ⅓ of the total) would be only half of the total in 1939! Likewise, in the Indian Police, Indians (who in 1929 numbered only ⅙ of the total) would be half of the total strength in 1949!

In the police the position of the Indian is thus worse. This position is the worst in the army. It is only after popular agitation for a long period that he was admitted only a few years back as an officer in the Indian army—and even then he was to serve in the infantry and cavalry and was refused entry in the artillery and the air force. These latter also are now open to him but the number of Indians taken is so small that in effect there is little Indianisation of the Army.

Indian public opinion is keen on accelerating the rate of Indianisation of services especially as there is no dearth of suitable Indian candidates.

Indianisation is demanded because Indian officers would be much less expensive to the country and would, by reason of their insight and first-hand knowledge of local conditions, be more sympathetic and capable administrators than foreigners.

Indianisation of the Services in India is thus urged on grounds of economy and efficiency as also on political grounds.

The Problems of the Services

The main problems of the services are related to

(1) *Recruitment*

Recruitment should be by open competition with a view to taking the best men available.

(2) *Promotion*

Promotion should be both by seniority and merit. In Russia remarkable improvements in administration have been secured in going by *merit* alone and promoting to the chief offices of the state meritorious young men.

(3) *Pay*

There is in government service a loss of freedom for which some compensation should be paid. Also, government should be a model employer and, therefore, government services are generally well-paid in every country. But there is little justification for the extravagant scales of pay and allowances in India in the superior grades.

(4) *Discipline*

In every modern country the sound opinion is to keep the civil servants out of politics and party warfare. They should have a quiet and secure tenure of office with no threat or temptation in their way. They have, therefore, been placed under *the Public Service Commission* consisting of a body of impartial men.

The Public Service Commission

Under the new Act, besides *a Federal Public Service Commission for the Federation, the provinces shall also have their own Provincial Public Service Commissions though* they may use the Federal Public Service Commission or they may agree to establish one body for two or more provinces.

But the public servants' claims to fair treatment must not be confused with the desire to be placed in a position of privilege free from all democratic influence and control.

Public servants must render to each successive government, to whatever party it may belong, their unvarying support and loyalty in carrying out the policy of the ministers.

The Public Service Commission is entrusted with the duties *of appointment, control, promotion and punishment of government servants.*

The Public Service Commission is also to safeguard their pay, allowances and pensions and *the rights of the services in general.* Any individual officer having a service grievance may apply through the proper channel to the Public Service Commission for the redress of his grievances.

The great merits of the Public Service Commission are that it preserves the purity and integrity of the administration and protects the public servants from harmful legislative and executive interference.

Summary

The Services in India are broadly of two groups: the *Central Services* under the Central Governments. These latter are sub-divided into the *All-India Services,* the *Provincial Services* and the *Subordinate Services.*

The All-India Services, the chief among which are the *Indian Civil Service* and the *Indian Police Service,* have been mostly recruited by the Secretary of State for India.

The Montagu Declaration promised a progressive Indianisation of the Services. The rate of Indianisation is unsatisfactory.

The problems of the Services are related to (1) *Recruitment,* (2) *Promotion,* (3) *Pay* and (4) *Discipline.*

To deal with the Services and their problems a Public Service Commision exists in many progressive countries as also in India.

CHAPTER XV

POLICE AND PRISONS

Police*

The business of the police is to preserve peace and order, to prevent and detect crimes and to bring criminals to justice.

The Indian police system is a very elaborate organisation which reaches to the distant villages. The chief of the police administration in a province is the Inspector General of Police. In the three Presidency towns of Calcutta, Bombay and Madras the police are organised under the command of a Commissioner of Police and form a unit distinct from the ordinary police force.

For police work† the province is divided into several ranges, each in the charge of a Deputy Inspector General. Each police range is composed of several districts.

Each district is in the charge of the District Superintendent of Police who is assisted by Additional and Deputy Superintendents. A district has, generally, a number of sub-divisions the more important among them being placed in the charge of Assistant Superintendents of Police known as Sub-divisional Police Officers. A subdivision comprises one or two circles in

* Strictly speaking, there is no Indian police. The police provided for by the Police Act of 1861 is a provincialised police, administered by the Provincial Government concerned.

Within the province the police are enrolled and organised in District Police Forces at the head of which is the District Superintendent of Police. The Superintendent of Police is subject to dual control. The police force under his command is at the disposal of the District Magistrate who can control him for maintaining law and order in the District. In the matter of internal organisation and discipline he is also subject to the higher control in his own department, the D. I. G., the I. G., and finally the minister in charge of police.

The thana or the police station is the most familiar police unit in India. Whether it be in a big city or in a village, it is at the police station or thana that the public are most in touch with the police and the police with the public.

†Besides the ordinary police force there are the Railway Police, the Armed Police and the Criminal Investigation Department.

charge of the Circle Inspector. Each circle consists of several Thanas, comprising a number of villages, in charge of a Sub-Inspector.

The Indian members of the Imperial Service are generally recruited through competitive examinations held by the Public Service Commission in India. The European members are recruited in England by the Secretary of State. The Deputy Superintendents are provincial service men who may be recruited direct locally or by promotion from the ranks of Inspectors. Inspectors, Sub-Inspectors, and Assistant Sub-Inspectors are subordinate police officers.

The village police work is generally done by the Chowkidars with the Dafadars at the head maintained by the Punchayet or Union Board.

Prisons

When the police have arrested a man suspected of having committed an offence he is brought before the magistrate by whom he is tried. If, on being found guilty, he is sentenced to serve a term of imprisonment in jail the duty of the court is to make over the charge of the prisoner to the prison officials. Thus the prison administration is very closely connected with the police administration and the administration of justice, though it forms a separate department.

The prisons in a province are in charge of the Inspector General of Prisons who sees to the work, discipline and health of the prisoners in the jails of the province. The Inspector General of Prisons is generally a senior member of the Indian Medical Service.

There is a *Presidency Jail in* each of the three Presidencies. The *Central Jails* are *usually* located at the divisional headquarters where criminals convicted of the more serious offences are lodged. The Superintendent in charge of a Central Jail is usually a member of the Indian Medical Service. There is in each district a *district jail* of which the Civil Surgeon is the Superintendent and the District Officer the most important

visitor. There are also *sub-divisional jails*. The Jailors are members of a graded service. In addition to regular warders convicts are also employed as warders and also to do such office work as they may be fit for.

Separate arrangements are made for female convicts.

There are *juvenile jails* for boy offenders. An attempt is being made by means of *industrial training* and *after-care work* to open up before the boys avenues of healthy and useful lives. *Borstal institutions* are also being established for the purpose of reviewing and reclaiming criminals who are not habitual offenders.

There are hospital arrangements for those who fall ill, while in prison. As far as possible, confirmed criminals are segregated so that they may not get an opportunity of mixing with first offenders.

There was a penal settlement at Port Blair in the Andaman Islands where persons sentenced to transportation were sent out. The system of sending out criminals to the Andamans was discontinued for a time. But from 1932 political convicts suspected to be dangerous revolutionaries were being deported to the Andamans to serve out their terms there. As a result of public agitation, these persons had been repatriated. Since the outbreak of the war it has once again been a penal settlement.

Summary

The police work of a province is the charge of the Inspector General of Police who is assisted by officers and men of different ranks.

For police work, the province is divided into ranges consisting of a number of districts. The lowest police unit is the thana.

Prisons are administered by the Inspector General of Prisons who is generally a senior member of the Indian Medical Service.

There are Central Jails, District Jails, Sub-divisional Jails and also Special Jails for juveniles in the charge of Superintendents who hold both medical and administrative charge.

Both police and prisons were reserved subjects under the administrative control of a member of the Executive Council but have been transferred to the control of ministers under the new constitution.

CHAPTER XVI

LOCAL SELF-GOVERNMENT

. Local self-government* means the management of local affairs (*e.g.*, water-supply, roads, primary schools) by local people.

Every individual in the country lives in a local self-government area and is subject to the jurisdiction of a local self-government authority which regulates his every-day life. The country has been so divided that not an inch of ground has been left out of the system.

You live either in a village or in a town. If you live in a village you are a rural citizen ; if in a town, you are an urban or municipal citizen.

A rural citizen is immediately subject to the jurisdiction of a village Punchayet or a Union Board. The Punchayet or the Union Board is itself subordinate to the Local Board which, again, is subordinate, in its turn, to the District Board, the guardian of all the rural councils and boards in the district.

An urban citizen in the presidency towns is subject to the jurisdiction of the municipal corporation, and in the case of the other towns he is subject to the jurisdiction of the municipality.

A field of the provincial administration profoundly affected by the Reforms of 1919 is that of local self-government. This is one of the subjects transferred to popular control and is in every province in the care of a minister. Under the ministers considerable developments have been essayed and on the whole the progress of local self-government in the past 15 years has been remarkably good. The greatest successes have been won in the Presidency towns and particularly in the city of Calcutta where the Corporation has made rapid strides under the nationalists.

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* Local government in India, as distinguished from local self-government, is understood to mean the provincial government.

The following chart will show at a glance the most important divisions of local self-government in the country.

- A. Urban Divisions
  - City (Corporation)
  - Town (Municipality)
  - Cantonment (Cantonment Boards)
- B. Rural Divisions
  - District (District Board or Council)
    - Sub-division (Local, Taluka or Circle Boards)
      - Union (Union Board or Committee)
      - Village (Punchayet)

History of Local Self-Government

The history and development of the village communities is buried in obscurity. The village community or the *punchayet* has existed from time immemorial mainly for social and caste purposes and the arbitration of village disputes by village tribunals. Municipal assemblies and *punchayets* have been known from the Hindu period to regulate and control the affairs of villages and cities and had both executive and judicial powers. These assemblies were democratic, being elected by the whole adult male population.

The earliest attempts at municipal government under British rule were made in the three presidency towns of Calcutta, Bombay and Madras—the first attempt being in Madras in 1687.

Municipalities for other towns were provided for in a series of laws passed during the years 1842 and 1862. There was practically no attempt at municipal legislation before 1842. An Act passed in that year for Bengal was followed in 1850 by an Act which applied to the whole of India. But the principle of election which was recognised was not put into practice until many years later.

Lord Mayo's Resolution of 1870 encouraged the general application of the principle of election with the avowed object of developing local self-government. It bore some fruit in the municipal bodies in the towns but in rural areas it proved barren.

Of greater importance was the Resolution of Lord Ripon in 1882. Lord Ripon's government sought to introduce an extension of local self-

government. *It was aimed to secure an improvement in the administration which must follow as greater local knowledge and local interest would be brought to bear upon the management of local affairs. But that was not the only aim. The primary aim was to develop or even to create, in the people, a capacity for self-help, a capacity for the management of their own affairs. And for this, an extension of the system of local self-government was desirable as an instrument of political and popular education.*

However noble the intentions of Lord Ripon were, his resolution was not fully put into effect and progress in local self-government was slow until after the Reforms of 1919 which supplied a new and powerful impetus to the development of local self-government.

'The unskilled elector can learn to judge things afar off only by accustoming himself to judge first of things near at hand.' If, therefore, the Indian is to be given control and power over the provincial and central governments, he must have some preliminary training in the art of government. *And there can be no better training-ground for this than in local self-government—in matters concerning himself immediately in his own village and town.* The vote should, therefore, be given to all persons qualified for it. Interest should be aroused in *elections* and municipal government should be extended so that this *education in citizenship* might grow. There should be *complete popular control* in local bodies and the *largest possible independence* for them.

The Reformed Legislatures were constituted at the end of 1920. The new Legislatures at once proceeded to give effect to the spirit and letter of the Reforms in tackling the problem of local self-government.

Laws have been passed providing for an increase in the number of elected members in the municipalities and rural boards, for an extension of the franchise and of the powers of local bodies for securing an elected majority, and for the election of non-official executive heads. The control and direction of the administration of local affairs have thus largely passed into non-official hands, thus making local self-government real.

In India, most men and women think in terms of the village, not the city. Cities have always been few and far between; *the main currents of our national life have flowed through the villages.*

But the lead, the initiative and the enterprise in matters municipal as well as national in recent times have come not from the decadent villages but from the rapidly growing towns.

The study of our civic government—the government of our towns as well as of our village—is, therefore, one which deserves our closest attention.

Department of Local Self-Government

The department of the provincial government which looks after the proper working of the self-governing institutions is known as the department of local self-government. Since the Reforms of 1919 local self-government is administered by a minister responsible to the legislature.

Local Self-Governing Bodies

The principal institutions for local self-government are

(a) *for the urban areas*:—(1) Corporations, (2) Municipalities and (3) Town Committees or Cantonment Boards,

(b) *for the rural areas*:—(1) District Boards, (2) Local Boards and (3) Union Boards or Village Punchayets.

Some hindrances to the success of Local Self-Government

Success in municipal administration as in village self-government depends on the quality and measure of the active and intelligent interest which the public will take in their own affairs.

Unfortunately the people are too often indifferent to their municipal affairs. This indifference is a matter of grave anxiety and concern because public indifference, long continued, would lead to corruption and inefficiency in administration.

This indifference may be attributed to various causes:

(1) The functions of the central and provincial administration appear more imposing and important than purely local functions. That is why national and provincial politics and administration have attracted alike the best available talents in the country.

(2) The meagre education and training of the average citizens is not equal to the task of a constant and effective exercise of an intelligent interest in civic administration.

The growing complexity of our municipal administration is enhancing this difficulty.

(3) The bureaucratic hold and grip over our local bodies has so far tended more to strangle than to develop our initiative, responsibility, and active interest in local affairs.

Moreover, the traditions of an autocratic administration and our passive if not willing acquiescence in it have been against us. Also, the powers entrusted to local bodies were so insignificant that it was not likely to encourage the spirit of self-government in the people. Further, the activities of the self-governing bodies in India have been cramped because of small and inadequate financial support given to them.

The Conditions of Success of Local Self-Government

If local self-government in India is to be built on sound and efficient lines, if it is to be a dynamic force in the building of the nation, if it is to achieve great things, our municipalities and rural bodies must be run in an *atmosphere of purity and freedom* by our very *best men* with *high ideals of service*. They should be supported in this task by *adequate financial resources*, by *salaried officers who are devoted and capable* and *by trained and informed public opinion*.

Great stress has been laid on the development of self-governing institutions because the capacity of the people for self-rule can be best developed in and around local self-governing institutions.

Honest and intelligent men should come forward in an increasing number to serve on these bodies the successful administration of which may be undertaken only by men who would not swerve from the path of duty for fear or for favour and would willingly subordinate their own individual interests to those of the community. It is a matter for satisfaction that signs are evident everywhere of the growth of a new spirit of social service, particularly in the fields of education, public health and sanitation. It may be hoped that the tendency which is slowly but steadily gathering force will, at no distant date, become a great factor of reconstruction in India.

But men are not the only necessity. Means must also be found for them to carry on the work with which they are entrusted. The law has given the local bodies a very wide scope for work. But the mere widening of the scope is of little

good unless means are provided for adequately covering it. The financial resources of the local bodies are not sufficient. Local taxes and rates alone are inadequate for meeting their growing needs. Work, useful and constructive, has been held up in many places due to the insufficient financial support given by the Provincial Government. This support must be greatly increased in future in order to enable the local bodies to discharge all their statutory duties.

Summary

Local self-government means the management of local affairs by the local people.

Local self-government might be (*a*) urban or (*b*) rural.

The *urban* bodies are (i) corporations, (ii) municipalities, (iii) town committees, and (iv) cantonment boards.

The *rural* bodies are (i) district boards, (ii) local or taluka boards, and (iii) union boards and punchayets.

For the proper functioning of the local self-governing bodies, honesty, intelligence, public spirit and a high standard of efficiency are required of the citizens.

CHAPTER XVII

MUNICIPAL GOVERNMENT

As the towns and cities of India dominate our national life to-day in ways they never did before, it is only natural that our attention should now be focussed on them.

The study of the government of our towns and cities is receiving increasing attention because of the increased opportunities thrown open to the citizens for civic and national service.

In this chapter we shall know how our towns and cities are governed by ourselves and what are our opportunities for civic work.

Urban self-government is not uniform in India. The cities of Calcutta, Bombay, Madras and Karachi have *Corporations.* The less important and more modest cities and towns have *municipalities.* The cantonment areas have limited self-government in their *cantonment boards.*

The Functions of Municipalities

Municipal Functions are of two kinds:

(1) *Obligatory* or *Compulsory* and

(2) *Optional* or *Permissive.*

All municipalities have a number of obligatory or compulsory functions under the law. At the same time the nature and extent of the optional functions undertaken by a municipality depend not only upon the funds available but also upon the enterprise and leadership which it may possess. Instances of obligatory functions are, road lighting, water-supply, conservancy while instances of optional functions are, public parks and playgrounds, gardens, museums, libraries, etc.

The functions of urban self-governing institutions may be classified under the following heads:—

(a) *Health,* (b) *Public Safety,* (c) *Convenience of Rate-payers* and (d) *Education.*

The functions of corporations, municipalities and town committees are essentially of the same nature. The difference in name is due to their differences in importance and consequently in powers and in constitution. The corporations of the presidency towns have to deal with problems which can hardly arise in smaller towns. The former, therefore, enjoy greater powers which are necessary for the proper performance of their duties. The municipalities, in their turn, are bodies, next in order of importance, and enjoy greater powers than the town committees which function in small towns only.

Corporations

The municipal government of the three Presidency towns is carried on by "Corporations". "The Corporation of Calcutta, Bombay and Madras have been constituted each under a separate statute and each with its own specific powers and privileges. The Councillors, who vary in number from 106 in Bombay to 61 in Madras, are, with the exception of a small number of government nominees, elected on a fairly wide franchise varying from 10 per cent of the population in Bombay to 5 per cent in Madras." "The corporations enjoy a good deal of freedom in the administration of municipal affairs. The control of the provincial government over the corporations is not the same everywhere, for instance, Calcutta elects its chief executive officer as well as the Mayor while the executive officer of the Madras Corporation is appointed by the government."

Corporation of Calcutta

The importance of the city government of Calcutta may be realised from the fact that Calcutta is the second city of the British Empire with a population of 21 lakhs (1941) and having an income of two crores and a half which is nearly one-fifth of the total revenues of the entire Presidency of Bengal. The Calcutta Corporation, therefore, enjoys a peculiar dignity and position in British India. It is to the late Sir Surendranath Banerjea, who as Minister for Local Self-Government was responsible for the passing of the Calcutta Municipal Act of 1923, that Calcutta owes its present civic freedom. The late Deshbandhu Chitta-

ranjan Das, first Mayor of the city, infused into it the life which has made the Corporation of Calcutta a dynamic and vigorous body.

The Calcutta Municipal Act besides putting the government of the city on truly democratic lines provided for its expansion by the inclusion of large suburban areas, whose rate-payers would enjoy, in time, the convenience and amenities of Calcutta.

The Calcutta Municipal Act of 1923 was amended in 1933—the most important changes being the abolition of the communal electorates and increase in the size of the Corporation from 90 to 96. Another amendment of the Act separated the Garden Reach Municipality from the Calcutta Corporation and reduced its size to 92. The recent Amendment Act of 1939 which has made certain changes in the constitution of the Corporation of Calcutta provoked an angry and bitter controversy.

Constitution

Under the new Act,* *the Corporation of Calcutta* consists of *93 Councillors and 5 Aldermen*—98 in all.

(1) *The 93 Councillors, elected and nominated, are to be chosen as follows* :

(*a*) 47 are to be elected by the general constituencies, of them 4 seats are reserved for the scheduled castes ,

(*b*) 22 Muslims are to be elected by the Muhammadan constituencies;

(*c*) 2 Anglo-Indians are to be elected by the Anglo-Indian constituency;

(*d*) 12 are to be elected by the special constituencies. The Bengal Chamber of Commerce (6), Calcutta Trades Association (4), Calcutta Port Commissioners (2);

(*e*) 2 are to be elected by labour constituencies;

(*f*) 8 *nominated* by the Government of Bengal, of whom 3 must be from the scheduled castes;

and (2) *5 Aldermen to be elected by the above 93 Councillors, elected and nominated, at their first meeting.*

These Councillors and Aldermen are to elect from amongst themselves the Mayor and the Deputy Mayor of the City. The Mayor and the Deputy Mayor are elected for a year. The Mayor is the head of the Corporation of Calcutta and presides over its meetings. The Deputy

* The Act restores separate electorates for Muslims, reduces the power of the Hindu majority, creates new divisions among races and classes by providing for special and separate representation for depressed classes and Anglo-Indians respectively, and by all this has provoked a bitter agitation against it. It also retains the right of nomination by the government and is thus both anti-national and anti-democratic.

Mayor assists the Mayor in his work and presides in his absence. Both posts are honorary. They carry great honour and distinction with them.

The Executive

The administration of the affairs of the city is carried on by the Corporation executive headed by the Chief Executive Officer under the direction and control of the Corporation Council. Other statutory officers are the Chief Engineer, the Chief Accountant, the Health Officer, the Secretary and the Deputy Executive Officers. All statutory officers are appointed by the vote of the Councillors but the appointments are subject to confirmation by the Government.

To assist and guide the executive in the administration of its various duties the Corporation appoints every year 10 standing committees.

Functions

The functions of the Corporation may be classified, broadly, under the heads of *Public Health, Safety, Convenience* and *Education.*

The Corporation functions include the supply of water, filtered and unfiltered, the provision for drainage of the city, the construction and maintenance of streets, squares and gardens, the regulation of buildings and of public places generally, the improvement of bustees, the scavenging and the lighting of the city streets, the inspection and regulation of factories, markets, bazars and slaughter-places.

The Corporation functions also include the control of the sale of food and drugs, the supply of milk, the control of infectious diseases, the registration of births and deaths, the disposal of the dead and the taking of a census.

The Calcutta Corporation has successfully undertaken the task of spreading primary education.

Income

The Corporation income, which exceeds Rs. 2·4 crores to-day, is derived mainly from the *consolidated rate,** assessed on the annual value of land or buildings, payable in quarterly instalments in equal proportion by the owner and the occupier. Other sources are (*a*) *taxes* on (1) carriages and animals, (2) professions, trades and callings, (3) carts and (*b*) *revenues from corporation property, e.g.,* markets. The tax on carriages and vehicles throughout the country is now collected by the police and later made over to the local bodies in the province by the provincial government.

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* The rate is now assessed at 20% of the annual value of land and buildings.

The Franchise

The franchise has been widened. Plural voting is abolished and women have been admitted into the electorate. The day of official rule is over. Complete democratic control, Swaraj, is established in the municipal government of Calcutta, the second city of the Empire. The day, on which Sir Surendranath's Calcutta Municipal Bill was passed, was indeed a red letter day in the history of municipal government in Bengal.

The Work of the Corporation

The first Mayor of Calcutta, the late Deshbandhu C. R. Das, laid down a clear-cut, practical and inspiring programme for the nationalists who were returned in an overwhelming majority in the elections of 1924. Since then the Corporation has remained under nationalist control and administration. *The programme demanded free primary education, free medical relief for the poor, a purer and cheaper food and milk supply, a better supply of filtered and unfiltered water, better sanitation in bustees, housing of the poor, free dispensaries and hospitals, maternity homes and free milk kitchens for the poor children, development of suburban areas, improved city transport and cheaper city administration.* The Corporation has gone forward with this programme under successive nationalist mayors and councils. An idea of its achievements under the new regime may be had from the figures for primary education. In place of 19 Corporation Free Primary Schools in 1923-24 there are to-day 234 Corporation primary schools which give free instruction to over 36,000 children in the city. The Corporation also assists nearly 645 other schools which impart primary, technical and industrial training.

Municipalities

Besides the corporations of the presidency towns there are about 730 municipalities in British India. As regards the composition of these municipalities, nearly three-fourths of the total members are elected. Elected members are almost everywhere in a majority.

Functions

The chief municipal functions relate to roads, building regulations, conservancy and sanitation, water-supply, street-lighting, the regulation of the sale of food and drugs, the regulation of markets, provision of burial and burning grounds,

the registration of births and deaths, and the extinction and prevention of fire.

The Executive

The Chairman exercises all the powers vested in the Commissioners of the municipality. Very often some of the powers and duties of the Chairman are delegated by him to the Vice-Chairman.

The Chairman and the Vice-Chairman are honorary officers. Other municipal officers are paid out of the municipal funds. Among important municipal officers are the Secretary, the Engineer, the Health Officer, the Assessor and Collector.

Municipal Income

Municipalities derive the greater portion of their income from municipal taxation—*i.e.*, rates levied on houses and buildings, taxes on trades and professions, taxes on animals and vehicles, tolls on roads, bridges and ferries and in some places, octroi duties. Income from municipal property, contribution from provincial revenues and receipts on miscellaneous items form only a little over one-third of the total. The total municipal income in India in 1936-37 was Rs. 42 crores.

Municipalities in Bengal

In the municipalities in Bengal three-fourths are to be elected and one-fourth only nominated by the Government. In the municipalities at Howrah, Dacca and Chittagong the elected members constitute four-fifths of the total. In the municipalities in Madras all the councillors are elected. Madras has thus forged ahead of Bengal. *The system of nominations to local self-governing bodies will soon be abolished in Bengal.*

Municipal progress in Bengal has been mainly due to the efforts of Sir Surendranath Banerjea at whose instance the Bengal Municipal Act was passed. The Act extended and liberalised the old institutions, except in the case of municipalities in mill areas where the principle of nomination is still retained to a considerable extent, all municipalities of Bengal elect their chairmen. By a recent amendment of the Act provision has been made for special representation of minority communities on municipal boards. It is the purpose of the Act to invest the municipal commissioners with real power and responsibility in municipal matters. Government control in India exists more in theory than in practice and is not stricter than the control imposed by the English and French Governments over their respective local institutions.

Cantonment Boards

Urban areas, where troops are stationed, are called Cantonments. They are administered by largely elected Cantonment Boards with official presidents. "The final control of cantonment administration rests with the Army Department of the Government of India."

How our municipalities work—a description

The sphere of activities of the municipalities is largely prescribed by law. There are certain *duties* which must be done and are *obligatory* on them, *e.g.*, water-supply by a municipality, there are again others which may be done and are merely *permissive, e.g.*, child welfare and maternity work.

The Councillors are mostly elected and hold office for three years, the Chairman or the Mayor being elected by and from amongst them. All of them are honorary. The position of the Chairman or Mayor of an Indian municipality carries with it prestige, dignity and numerous duties just like that of an English Mayor but no power like that of the American Mayors who control finances and appointments in American cities.

The real work is done not in the whole assembly of councillors or members but in the small committees. In no other way would it be possible to carry on the many complex duties of city or town government, *e.g.*, finance, education, health, water-supply, markets etc. The Committees plan and supervise the work. The Committee system is really the basis of our present-day administration.

A very important part is played by the officials and the experts. Among the officials the most important is the Executive Officer or the Secretary. Everything passes through his hands and on account of his experience, knowledge and position his opinion is often solicited in almost all matters. In addition to the Mayor or Chairman and the Councillors and the salaried officers there are also the experts, men who are specialists in their subjects and can give really useful advice (on such subjects as health, drainage, education, lighting) to the Councillors in the Committees who are not experts.

The big body, the municipal or corporation council, generally deals with only the broad outlines of administration and with general questions of policy.

Summary

The municipal functions fall mainly under these four heads: (*a*) health, (*b*) public safety, (*c*) convenience and (*d*) education.

CHAPTER XVIII

VILLAGE SELF-GOVERNMENT

For the kind of work which is done by corporations and municipalities in cities and towns the responsibility in rural areas lies with the District Boards, the Local Boards and the Union Boards or the Punchayets. From the very nature of things the method of work within the limited areas of towns and that in extensive rural areas must be different. But the problems are generally the same in the two cases though the cities have certain problems which are specially their own and the countryside has its own special problems to solve.

A plea for better Rural Self-Government*

The top-heavy efforts at political reform in India have been characterised by unfriendly critics as 'the replacing of a white bureaucracy by a brown one'.

India is mainly rural, and democracy in India to be real must be broad-based on the villages and the villagers.

India has long and honourable traditions in village self-government. 'The people of India are quite capable of administering their own affairs and the municipal feeling is deeply rooted in them. The village communities, each of which is a little republic, are the most abiding of Indian institutions.'—Sir John Lawrence.

With the decay and the virtual extinction of these village communities there has been a consequent decay in village life. The local bureaucrat lives in splendid isolation. The landlord is an absentee. The educated and the prosperous classes have left the villages. The villager to-day is mostly poor, uneducated and unorganised.

The villager needs help and he needs organisation most. He needs health, education and food—and then will come political consciousness.

Organisations for village uplift fall under three heads—(*a*) voluntary, (*b*) semi-statutory and (*c*) statutory.

The voluntary organisations (*e.g.*, the I. N. Congress, the Servants of India Society, the Ramakrishna Mission) have worked for rural uplift

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* From an article by Mr. C. C. Dutt, I.C.S. (Retired) in the 6th Anniversary Number of the Calcutta Municipal Gazette.

and have attained varying measures of success. The Congress work for fighting such evils as untouchability and drunkenness, for encouraging the villagers to spin and weave for himself and for reviving village industries has received universal approbation.

Semi-statutory organisations, such as anti-malarial and co-operative sale and purchase societies are also helping in the work of rural uplift.

. But if we want to rebuild the ancient village republics, we cannot do without the help of the state and the law.

It is to the statutory village bodies that we must turn for the foundations of the fabric of Swaraj. Organised village life and a fairly advanced standard of education in Civics which would naturally develop through the popular working of these bodies, would give great strength to the national movement.

The System of Rural Self-Government

The system of rural self-government is a hierarchy with the District Board at the top. *The smallest rural unit is the Punchayet or the Union Board.* Several Union Boards are grouped together under a *Local Board* whose jurisdiction extends to the whole of a sub-division. Over the several Local Boards in the district stands the *District Board,* the most important unit in the system. The jurisdiction of the District Board extends to the whole of the district but does not extend to the towns where there are municipalities.

In 1936-37 the District and Local Boards in India were 1,096 in number with a total income of about 16 crores or the income per head of population was less than 10 annas a year. It is clear why they have not been able to do much for education, health or convenience of rural citizens. Nothing can be done without generous state help and support.

District Boards

There is a District Board in almost every district in British India except in Assam. The elected members predominate in the District Boards as in the municipalities and almost everywhere the chairman is elected.

The Government has the same power of control and supervision as in the case of municipalities—including the power of supersession in cases of gross maladministration.

In Bengal a District Board consists of a number to be fixed by the Local Government, not less than nine in any case. It shall include elected and nominated members, of whom at least two-thirds shall be elected by the Local Boards (where a Local Board has been set up in a sub-division). Since 1921, the District Boards have been given the right of electing their own chairman. The Government of Bengal propose to extend the life of the District Boards from four to five years.

Functions

The functions of a District Board relate chiefly to the primary and local needs of the district and may be classified under the following heads:

(*a*) Education (primary and middle schools)
(*b*) Medical Relief (dispensaries and hospitals)
(*c*) Public works (maintenance and improvement of roads and communications, including bridges and rest-houses)
(*d*) Pounds and ferries
(*e*) Public Health and Sanitation (including village water-supply)
(*f*) Vaccination
(*g*) Census
(*h*) Famine-relief
(*i*) Regulation of markets and fairs.

Finance

A District Board used to derive its income mainly from a cess or tax on land (*e.g.*, road and public works cesses). Other sources were the share from motor vehicles tax, miscellaneous fines, pounds and ferries. These are now, under the new constitution, reckoned as provincial revenues from which suitable grants are made to the District Boards to enable them to discharge their functions. The District Boards, thus, have to-day practically no independent sources of income and are dependent almost wholly on grants from the provincial governments. The District Board also gets a share from the Central Road Fund through the provincial government. The District Board may also raise loans for financing its activities.

The principal items of expenditure are primarily education, water-supply, medical relief and public works (construction and maintenance of roads, buildings, bridges, markets and ferries).

The accounts of the District Board are audited periodically by the Government.

The total income of the 26 District Boards in Bengal having an aggregate population of 50 millions is over Rs. 1·6 crores—each District Board having an average income of nearly 5½ lakhs with less than 5 annas per head of population.

Of the total expenditure, roughly one-third is spent on public works and only 8 per cent. or only 6 pies per head on public health.

Local, Taluka or Circle Boards

A Local Board is established by government notification for a sub-division and exercises the functions delegated to it by the District Board—chief among which are the maintenance of sub-divisional roads and the management of pounds and ferries. The Local, Taluka or Circle Boards act in the sub-divisions as the agents of the District Boards. In the Punjab and the U. P. there are no Local or Taluka Boards, while in Assam the Local Boards take the place of the District Boards. Like the District Board, the Local Board has a non-official elected chairman with a non-official elected majority in the board. The Local Boards have no independent source of revenue but are dependent on District Boards for their funds.

In Bengal a Local Board consists of a number fixed by the Local Government but it must not be less than six, of whom at least three-fourths shall be elected, the rest being nominated by the Government. Those who are entitled to vote at an election of members of the Union Boards within the area are also entitled to vote in Local Board elections. The Government of Bengal may, under the Local Self-Government Act (1936), with the consent of the District Board concerned, abolish a Local Board within its area. The new Act also provides, in cases where Local Boards are abolished, for the election of the members of the District Boards by persons having qualifications similar to those of electors of the Union Boards. The functions of the Local Boards shall, in that case, be taken over by the District Boards to be administered through the Union Boards.

The Union Boards and the Punchayets—Village Self-Government

In the scheme of local self-government the primary unit is the Union Board, or the Punchayet* where it has not been replaced by the Union Board. The Union Board is an elected body, sometimes with a sprinkling of nominated members, with an elected President. The jurisdiction of a Board extends over a village or a group of villages.

The Union Board in Bengal consists of 6 to 9 members, of whom not less than two-thirds are elected. The president of a Union Board is elected by the members from among themselves. The term of office of members of a Union Board is 4 years.

All adult males who have a place of residence in the village and who pay 6 annas as union rate or 8 annas as cess or have the necessary educational qualifications shall have the right to vote in Union Board elections.

The Union Boards shall act as the agent of the District Board and are under its administrative control. The Circle Officer generally supervises the work of a group of Union Boards.

Functions

The first duty of the Punchayet or the Union Board is to keep the village peace and for that purpose to maintain 'Chaukidari' or village watchmen.

The *functions* of the Union Board *also include* the maintenance of

(1) Village Roads and Bridges,

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* It is to be noted that the punchayet, which is the council of village elders, is a very ancient institution—being formed for social and caste purposes and for settling minor disputes in the village. Before the Act of 1919, the Chaukidari Punchayet principally looked after the rural police, fixed their number and paid their wages but they were largely under the control of local police officers. The Union Boards Act was passed in 1919, freeing the village punchayet from the control of the local police, giving it the new name of the Union Board with enhanced prestige and enlarged sphere of activities.

The Local Self-Government Act of 1885 set up *Union Committees* for the exercise of municipal functions in rural areas. Groups of villages were constituted into unions. The committees, elected from among the residents of the union, would consist of not less than 5 nor more than 9 members. The Committees are subordinate to the District Boards and are placed in charge of village roads, bridges, pounds, primary schools, dispensaries, registration of births and deaths, village sanitation, conservancy and drainage.

(2) Pounds,

(3) Primary Schools,

(4) Dispensaries,

(5) Village sanitation, conservancy and drainage, prevention of nuisances and regulation of fairs and *melas*,

(6) Registration of births and deaths.

(7) Village water-supply,

(8) Administration of village justice through union courts in petty civil and criminal matters, and

(9) Promotion of the health, comfort or convenience of the public.

Finance

The revenue of a Union Board is derived from (*a*) the Union rates, (b) grants, (c) income from pounds, fees and fines, and (d) the receipts from Union Benches and Union Courts.

The salary of the village police is the first charge on the union fund. The accounts of the Union Board are audited annually by the Circle Officer.

In 1929-30 there were 4,308 Union Boards in Bengal with a total income of Rs. 85 lakhs, out of which only Rs. 12 lakhs came from the Union rates. The Union Boards spent a total sum of Rs. 83½ lakhs of which only 24½ lakhs were spent on roads and bridges, public health, medical relief, water-supply and education. The student will have an idea of the very meagre and insufficient sums allotted to welfare work amongst the masses when he is told that while the sum spent on the village police was nearly 60 lakhs the amount that was spent on public health and dispensary works by the 4,308 Union Boards was only 1 lakh on each head, on drainage and conservancy 1½ lakhs, on education 3¼ lakhs and on water-supply 7 lakhs.

Summary

The functions of the rural bodies relate primarily to education, medical relief, maintenance of roads, bridges and markets, public health, sanitation, drainage, water-supply and famine-relief.

CHAPTER XIX

SOME MUNICIPAL AND RURAL PROBLEMS

The student has already got an idea of the range of work which lies within the scope of the local bodies. Local self-government is of more direct and personal importance to us, the citizens, than most of us realise, for it deals with our everyday life in all its details, *e.g.*, the water we drink, the food we take, the house we live in.

If we want to test how important it is to us, we have only to make a selection of headlines from our newspapers. The headings may run like this—'High Mortality from Cholera and Small-pox This Week', 'Scavengers on Strike,' 'Tuberculosis on the Increase in the City,' 'Appalling Death-rate of Mothers', 'Shocking Tragedy! Family Dead from Food Poisoning', 'City Scandal—No water in the Bustees'. All these headlines illustrate the functions of local self-government. Questions of pure water-supply, sanitary houses, education of children, freedom from infection and of public health generally are so vital in importance that they affect not only the happiness of the present generation but also of generations unborn.

All of us perhaps do not sufficiently realise that the future of a nation depends upon its children and that a healthy, vigorous and intelligent nation cannot be developed from among the stunted, ill-fed, ill-clad, ill-housed and ill-educated children whom we see to-day. Only when we would realise this fully our municipalities and rural boards as also we ourselves would appreciate the tremendous responsibility resting on us as citizens. Public opinion in India is gradually becoming more enlightened and with better education and greater insistence on our part, reforms that are more than generations overdue will be introduced.

We shall refer now, in detail, to some of the special problems—*urban as well as rural.*

The city problems in India relate mainly to health and housing and *food supply*. Other allied problems are *water-supply, drainage* and *education*.

A. City Problems

1. Public Health

One of the first cares of any modern state is the health of the citizens. But so rapid has been the growth of towns, that there were few, if any, precautions taken to ensure public health in towns. Public Health Acts and Municipal Acts passed from time to time were among the various attempts to keep streets and houses clean and healthy. They include sanitary provisions, such as regulations for sewers, drains and water-supply, inspection and control of the sale of food and drugs, prevention of nuisances, offensive trades and infectious diseases, hospitals and mortuaries. Also they include provisions as to streets and highways, markets and slaughter-houses, parks and playgrounds, and the regulation of workshops and factories.

Besides, the bodily health of citizens, the *mental welfare* of the nation is a matter of great importance to the state. One of the most important questions allied to public health is the *care of children*.

Many of our cities suffer from the smoke nuisance. In the city of Calcutta, for instance, tons and tons of soot are discharged daily by the factory chimneys polluting the air we breathe, and this in addition to the kitchen smoke in our households for which there are no chimneys. The smoke does irreparable harm to our lungs and is responsible for the alarming increase of lung diseases like tuberculosis of lungs in cities and towns.

Very closely connected with health problems in the city is housing. In fact, much of the rapid deterioration of the health of urban people may be ascribed to bad housing.

Housing

One of our big social questions to-day is the housing question. There has been, and still there is, a definite shortage of houses of a type that would meet the needs of the average citizen—a medium sized house, healthily built and available at a moderate rental. If you come from the middle classes you have felt the shortage badly enough; if you belong to the working classes the problem is infinitely worse. The rents demanded are far in excess of what you can pay. In Calcutta, on a rough estimate, we can say that a million houses are overcrowded that we need at least a million new houses. The people are herded together in small tenements or sheds like cattle. Bombay is worse than

Calcutta in this respect. There is overcrowding to excess with no thought of sanitation and no provision for the ordinary amenities of life. This is also true of all big industrial towns, *e.g.*, Nagpur, Ahmedabad and Cawnpore.

The bustees in the big industrial towns are a scandal. The poor workers live under conditions unbelievable unless one sees himself. The huts or sheds in which they live are awfully overcrowded with men and animals, bad buildings with very poor ventilation and perhaps no light, little or no sanitation, open drains seldom cleaned, with one tap in the courtyard to provide water for a hundred or more families to draw their supply from.

The Health Officer has powers under the law to order the demolition of a house or to insist on necessary repairs and alterations if he considers it unfit for human habitation. But that would not solve the problem of inadequate housing. Inadequate housing is to be traced to the days when with the introduction of machinery and the starting of factories, people started pouring into the towns and occupying the few houses that existed or were hastily erected to accommodate them. Congestion is inevitable so long as housing is left to private enterprise. The solution lies in a large increase of accommodation to be provided by state grants to municipalities to encourage them to build, in particular, cheaper houses. The evils of bad housing have been aggravated in Indian cities by the purdah observed by women and the ignorance amongst the masses.

Our Aims

In the whole scheme of Housing and Public Health has entered a new factor, that of *Town Planning*. In a growing town or city, the municipality can, with foresight, plan development schemes for its increasing population which will ensure not only healthy houses, with plenty of fresh air and lighting and good sanitation but also finely laid out parks and open spaces with separate commercial and residential districts. In the matter of health our aim should be *"to prevent such disease as is preventible, to lengthen man's life and to make it happier and more effective"** as in the matter of housing our principle should be to see that *"each family in a civilised community* possesses an inalienable right to a minimum standard of comfort *in the house."*†

The Health Officer, who must be fully qualified, has a great responsibility upon him specially in big congested cities and his work, which is of the very highest importance, cannot be successful unless he has loyal and active support from his employers, the citizens. He is

* Sir George Newman.

† Inter-Allied Congress on National Housing, 1920.

to be assisted by a competent staff of sanitary inspectors, inspectors of nuisance and health visitors.

Not only has he to exercise vigilance over the food and water-supply but he has to stop nuisances, control infection and take special measures against special diseases, *e.g.*, small-pox, cholera, tuberculosis, typhoid, venereal diseases. It is only very lately that our health officers have turned their attention to maternity and child welfare on which subject public opinion has been very vocal for the last decade or so—a belated recognition of the elemental truth that on the health of our mothers depends the future of the race.

But still more can be done if there be co-ordination between the school and health authorities. It is not enough that a baby is born healthy, we have to take care that the baby develops into a healthy boy or girl. For this, progressive authorities should take charge of school health as well—the care of the health of children in school.

City Improvement

Improvement and Development Trusts have been established in Calcutta, Bombay, Allahabad, Lucknow, Cawnpore, Nagpur, Delhi and some other big cities. Old cities are being re-laid and town planning proceeds to-day on a line which combines beauty with health.

The Calcutta Improvement Trust

The Calcutta Improvement Trust is a statutory body which was set up in January 1912 with a view to providing for the improvement and expansion of Calcutta by opening up congested areas, laying out new roads, widening the streets, and providing playgrounds, parks and open spaces. Bombay had its Improvement Trust much earlier than Calcutta. The Trust has the power of demolishing old buildings and constructing new ones, and also to provide for the housing of the poor and middle classes by building houses and barracks where suitable accommodation can be had at comparatively cheap rents.

Calcutta has to-day open public spaces measuring 1500 acres (the maidan alone measuring about 1000 acres). 250 acres of this area have been added by the operation of the Improvement Trust. Calcutta is now almost on a par with London as regards open spaces.

To meet the growing traffic requirements, old bridges are being replaced by modern and up-to-date bridges with wide approaches. Mention might be made of the Chitpore, Maniktala, Narkeldanga, Belliaghata and Kidderpore Bridges. These new bridges compare favourably with the best London bridges.

The Calcutta Improvement Trust has a paid Chairman appointed by the Government and 10 other members on the Board of Trustees. Four

are appointed by the Local Government and four are representatives of the Calcutta Corporation, of whom one shall be the Chief Executive Officer; the two other Trustees represent the Bengal Chamber of Commerce and the Bengal National Chamber of Commerce.

The Calcutta Improvement Trust has spent nearly 15 crores on the capital works. To meet this the Improvement Trust has borrowed nearly 2½ crores and has sold lands and buildings in the improved areas worth more than 7 crores. Its chief source of income is the Calcutta Corporation's contribution to city improvement.

2. Port Administration

The Port Trust or Port Commissioners

In the major ports of India *e.g.*, Calcutta, Bombay, Madras, Karachi, Rangoon and Chittagong, there are Port Trusts or Boards of Commissioners to whom the management of the Port is entrusted. The Port Trusts are composed mainly of representatives of the Government, of the European and the Indian Chambers of Commerce, of the local Corporations or municipalities, and of Railways which connect these ports with the important inland centres of business. The Port Trusts are at present dominated by European majorities.

The business of the Port Commissioners is to administer the port, to provide port facilities to all ships which arrive and depart, and to warehouse the merchandise that goes out of or comes into the country in the big godowns such as are to be found on the Strand in Calcutta. The Port Trust derives a large revenue from shipping dues and also from the warehouses.

3. Food Supply

It is one of the duties of a municipality to see that the supply of food for the population within its areas is wholesome and adequate. It has, therefore, to provide suitable marketing facilities by maintaining and regulating markets.

Moreover, the danger of food adulteration is great in the towns nowadays. Every municipality should take effective steps to minimise this danger as far as practicable. Since a municipality is responsible for the conservation of the health of the people living within its jurisdiction, it is one of its foremost duties to see that the supply of food for the people is not only adequate but pure as well.

With regard to food, the Inspectors have wide powers for protecting your health under the Municipal Acts and the Food and Drugs Acts. They can enter bazars, shops and buildings to inspect fish and meat (or live animals) poultry, vegetables, ghee, oils, sweets, fruits and milk as also the drugs that are meant for sale to the public. If in the

opinion of the Inspector or of the Analyst, the food be unwholesome or in any way unfit for human consumption, it is, by order of a magistrate, condemned and destroyed and the person who kept it for sale is heavily fined. Eventually the sale of impure food does not depend so much on the Health Officer or the Food Inspector under him as on the public itself. There still exists a lamentable amount of ignorance about the evil effects of impure food although the municipal health officers are persistently pointing out the dangers of flies and other insects as germ-carriers, of the possibilities of food poisoning through careless preparation and the spread of infection through dirty or careless handling or exposure of foods for sale. Milk and dairies in India should receive special attention. To ensure this every municipality must have sanitary inspectors, adequate in number, qualified by examination, who, to be honest and efficient, should be properly paid and be wholetime officers.

(i) Milk Supply

The problem of pure milk supply has become very acute in the towns, specially so in big towns like Calcutta and Bombay. The supply of milk is painfully scanty and notoriously bad. Milk is the chief food for infants and is also a wholesome food for persons of all ages. But the milk which is sold in the city markets is mostly adulterated and bacteriologically unclean and impure. The question is a serious one since milk which is an ideal food for all can, if impure, be responsible for more deaths and sickness than all other foods. The principal milk-borne diseases are Typhoid, Diarrhoea, Dysentery and Tuberculosis. It is, therefore, as necessary to ensure a supply of good milk as to control its marketing.

In Calcutta an interesting experiment by the Co-operative Milk Union is being made in milk supply by way of co-operation and it has been very successful within the limits of its operation.

(ii) Ghee, Oils

What has been said of milk may be equally said of many other food articles, specially ghee and oil. The danger of adulteration of these essential food articles is very great and in Calcutta the Corporation Food Inspectors go about keeping a sharp eye not only on the dealers and manufacturers of ghee and oils but also on the hotels, restaurants and eating houses.

(iii) Fish

As a result of a special enquiry it has recently come to the knowledge of the public that the fish supply of Calcutta is the monopoly of a dozen middlemen who are making 500% profits. The increase in the

prices of fish has led to a decline in its consumption by the middle and lower classes of Bengalees who need it most. It has been estimated that if the monopoly is broken the prices of most fish in Calcutta would come down to 4 *as.* per seer even after making an allowance for 40% profits.

A welcome change in the supply, and cheapening of the essential food articles in the city can be brought about by the starting of co-operative societies on the model of the Milk Supply Union. People would then get food articles of good quality at prices within the reach of all.

B. Rural Problems

The rural problems, as the student is already aware, are mainly related to water-supply, drainage, sanitation, public health and education.

1. Water-Supply

The problems of water-supply are very acute in some parts of the country. There are villages where no water can be had in the summer months and villagers have to fetch water from great distances. Water for the purposes of drinking and cooking is drawn from the nearest available source, no matter whether it be a well or a tank or a river and no matter in what condition it might be.

Again, in villages more fortunate in having a good water-supply the insanitary habits of the people, of which there are many, make contamination easy. In either case, the danger to public health is great.

The question of pure water-supply in the rural areas is, therefore, a most important one. Tanks are costly and are difficult to be guarded against contamination. Therefore, tube-wells have been recommended as very convenient sources of supply and as affording large and almost unlimited supply of pure drinking water at a relatively small cost. The local bodies, however, with which lies the responsibility of tackling this enormous problem, cannot be expected to solve it fully unless government comes substantially to their help. Government grants to District Boards for the improvement of rural water-supply have so far been meagre and inadequate.

2. Drainage

The drainage of the country is also another important problem but a problem to which insufficient attention is being given at present. Drainage operations are always costly and the local bodies have not got the means to finance any extensive drainage schemes.

The provincial government should formulate its policy of improving the drainage system of the province as a whole and should come generously to the aid of the local bodies in executing this policy.

The railways, which have been mainly instrumental in disturbing the natural drainage system of the country, should be made to shoulder a part of the financial responsibility in any future drainage scheme of the country.

3. Sanitation

The problem of sanitation in villages, for which the responsibility has been thrown on the local bodies, has been neglected by those authorities because they have not got the necessary funds to undertake any elaborate scheme. The Village Self-Government Act of 1919 empowered them to look after the sanitation and public health of villages but the Act did not make any adequate provision for the finance that would undoubtedly be required for the carrying out of the work allotted to them.

Any general scheme for the improvement of sanitation in the village must primarily aim at rousing the sanitary conscience of the people by popular education, providing for a good water-supply, proper conservancy arrangements and protection against malaria, hookworm and water-borne diseases such as cholera.

Education

A problem of the greatest importance, both rural and urban, is that of education. The local bodies are immediately responsible for education in the primary stages. For a discussion of this subject the student is referred to the section under Primary Education in the chapter that follows.

Other rural problems are agriculture and rural industries, communications and markets.

Summary

The principal city problems arise out of congestion and over-crowding. The remedies are being provided by the joint efforts of the City Improvement Trusts and the Municipalities.

Some other city problems relate to the city food supply, particularly the supply of milk, ghee, oils and fish. These problems can be satisfactorily solved by co-operation with municipal support.

The principal rural problems are those of water-supply, drainage, sanitation, public health and education.

These problems are more difficult to solve unless they are tackled boldly. The Government should come generously to the aid of the rural bodies which are handicapped financially. But the best help always is self-help. If the villagers organise themselves properly they can change, as at places they have changed, the condition of the countryside.

CHAPTER XX

EDUCATION

One striking feature of the situation in India as regards education is the appalling illiteracy among the masses side by side with people who in the sphere of higher education can hold their own against any other people in the world.

The necessity and importance of mass education had not been realised till very recent times. The problem of education in India is still a difficult one, closely woven as it is with her economic difficulties.

Educational Authorities

Central

The Government of India is directly responsible for education in all those areas (excepting Coorg) which are not included in the eleven governor's provinces. The Hindu University at Benares, the Muslim University at Aligarh and the Central Research Institutes are also under the direct supervision of the Government of India. The Chief's Colleges, too, are in charge of the Central Government.

Universities like Calcutta, Bombay, Patna which have jurisdiction beyond one province shall be placed under central control.*

Over and above all these, the Education Department of the Government of India directs the educational policy of British India as a whole.

Provincial

In each of the governor's provinces education is a provincial subject administered by ministers responsible to the provincial legislatures. European education, however, has not been transferred to popular control.

The authority of the Government in controlling the system of public instruction is in part shared by the Government with the University and in part delegated to it so far as higher education is concerned. This authority is delegated to local bodies as regards elementary and vernacular education.

Permanent staff.—At the head of the permanent staff of the Education Department in each province is the Director of Public Instruction

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* Indian Laws Adaptation Order.

who acts as adviser to the Education Minister. He has under him an elaborate inspecting staff consisting of Divisional Inspectors, District Inspectors, Sub-divisional Inspectors and Sub-Inspectors of Schools. The teaching staff of the government colleges and schools is also under the direct control of the Director of Public Instruction.

Universities

There are eighteen universities in India of which two, namely, the Osmania University at Hyderabad and the University of Mysore, belong to the Indian States. The universities in British India are the Calcutta, Madras, Bombay, Punjab, Allahabad, Benares Hindu, Patna, Dacca, Aligarh Muslim, Rangoon, Lucknow, Delhi, Nagpur, Andhra, Agra and Annamalai Universities.

The university prescribes the syllabus and text books for the different examinations. It holds examinations and grants certificates and degrees. Some of the universities also undertake teaching, undergraduate as well as post-graduate. Colleges are under the control of the university to which they are affiliated.

The Calcutta University

The Calcutta University is the premier University in modern Asia. It is a teaching as well as an examining university. It holds examinations and confers degrees in Arts, Science, Law, Medicine and Engineering. It imparts post-graduate instruction in the arts and sciences and holds certain undergraduate classes also.

The Governor of Bengal is the Chancellor, *ex-officio*, of the Calcutta University. The University executive is a body known as the Syndicate which meets under the presidency of the Vice-Chancellor who is nominated by the Chancellor. The Registrar is the chief executive officer of the University. The Syndicate is subject to the general supervision of the bigger deliberative body known as the Senate whose members are partly elected by the *registered* graduates of the University but largely nominated by the Chancellor.

The University of Dacca

The University at Dacca is a teaching university of a residential type. It holds both undergraduate and post-graduate classes. Its territorial jurisdiction is limited to a small area, the immediate neighbourhood of Dacca. It has nothing to do with school or intermediate educa-

tion which, in the town of Dacca and within ten miles of it, has been placed under a Board of Secondary Education.

Colleges

Colleges in British India exceed 300, of which only a few are meant exclusively for girls.

There has been a great expansion of collegiate education in India in recent years.

In 1940-41, there were 79 colleges affiliated to the Calcutta University, the number of students was 36,139 in Bengal and 3,206 in Assam. The number in the Calcutta colleges was 20,437 as against 15,756 in the mofussil. The number of Moslem students was 6,589 and is undoubtedly on the increase. The ratio of increase is higher among the Hindus than among the Moslems. Women students in that year numbered only 2,578 of whom 146 were Moslems. From this the reader may have an idea of the backwardness of female education in the country. The disparity, of course, would be less glaring but still great in volume, in the primary stages.

Colleges are of two grades. The *First Grade* Colleges teach up to the B.A. or B.Sc. standard and the *Second Grade* or Intermediate Colleges teach up to the First Arts or Intermediate standard. A certain number of colleges are wholly maintained by the Government while some receive only grants-in-aid from the Government. The rest are maintained out of tuition fees and public endowments.

Secondary Education

Since 1884 Secondary Education has been left almost wholly to private agencies and to private enterprise with mixed results.

The main defects are inadequate salaries of teachers, inadequate supply of trained teachers and defective school curriculum. With the introduction of vernacular as the medium of teaching, the quality of education may improve. University supervision is nominal and ineffective. Education will lack its

real character till it is more closely and actively identified with social needs and purposes.

In Bengal, as elsewhere, there are three types of secondary schools—*the middle vernacular, the middle English* and *the high English.* Most of these schools have primary classes as well. The middle stage consists of two classes only and the high school stage four.

As we have seen before, in Bengal (except within the city limits of Dacca where there is a Board of Secondary Education) it is the university which holds the matriculation examination. Secondary education in Bengal is, therefore, considerably under the control of the University which has recently introduced a series of notable reforms the most important of which is the introduction of vernacular as the medium of instruction and examination. This is calculated to give a fillip to secondary education in Bengal.

Primary Education

India is backward for many reasons but one chief reason is that her masses have not even a primary education.

Primary education is important because it is there that the citizen begins his knowledge—it is the basis of his advancement. The city people are advanced but the villagers are falling back because in most rural areas there is no facility for primary education. The result is that there are large numbers of villages, illiterate and backward, who do not know what is going on in the country.

'Primary education has been regarded as a purely local charge and as such has been left to the care of municipalities, district boards and local boards. Schools of a very low grade, teachers without the necessary training, schools under no adequate control, schools without effective inspection, pupils undernourished and the education of more than half of the children of school-going age in the province still not provided for—these are the problems of Primary Education in every province.'

Everyone is agreed about the urgency of this problem, which today is largely one of devising means to impart primary education.

(a) *to India's vast population*
and (b) *in a short space of time.*

The object of primary education should be to enable the masses to play their part in the national life, to earn their bread honestly and with the help of the recent advances in science.

Education in India must fit in with the requirements of the masses. Undoubtedly a difficult task would be for the provinces to find the sum of Rs. 40 crores which is estimated to be the cost of universal, compulsory, free primary education in India.

Congress and non-Congress ministries launched a drive against illiteracy. The legislation on the subject being mostly permissive, progress is very slow.

The number of primary schools maintained is large, the figures for 1937-38 being nearly 170,000 primary schools for boys and nearly 32,000 schools for girls with a total of about 10 million pupils in these schools.

The problem of illiteracy and how to spread primary education in the country

Approximately only 9·5% of the population in India is literate. Female literacy is very low in India except in Kerala. Even out of this small percentage of literate persons a large number who have received only primary education, relapse into illiteracy within a few years.

The vast illiteracy of the masses is a stupendous fact which arrests the serious attention of all thinking men in this country. "The popular cry in India to-day is for elementary education and so far as the Government of India is concerned, it is like one crying in the wilderness."

There were, according to the Report on Public Instruction in Bengal for 1933-34, 69 high schools for girls, with 18,000 girls, and 1,152 for boys, with 274,000 boys. The middle schools for girls numbered 78 and those for boys, 1,871. The total number of pupils was 436,175 and the cost of education 1½ crores.

The Hartog Committee has observed that throughout the educational system there is *waste and ineffectiveness* and the waste is appalling in the primary stage. The Hartog Committee has, further, pointed out that the increase in recent years in the number of pupils in schools does not indicate a proportionate increase in literacy, because most children who never get beyond the lowest classes of the primary schools, readily *relapse into illiteracy* when they come back to the fields after four years of inefficient schooling. The waste, both educational and economic, is huge.

The problem for the educationist who wants to fight the illiteracy of the masses is the problem of the reorganisation of primary education on more efficient lines. This must be on an intensive as well as extensive scale. Primary education, in order to be effective, should be free as well as compulsory up to a certain age. It must also be universal embracing both boys and girls. *Free and compulsory universal primary education* should, therefore, be the avowed goal of a well-directed educational policy.*

Everywhere new schools are being opened, more students are enrolled, compulsion is being introduced, the school-going age is being extended.

An educational campaign, with a view to eradicating illiteracy, needs money which, unfortunately, our governments did not spare. It is the plea of lack of funds which has prevented the ministers from doing what they could otherwise do to spread education among the masses. Wise retrenchment including retrenchment of police and military expenditure wherever possible and the tapping of new sources of taxation could solve the financial difficulties, if any, inherent in the scheme.

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* **The Bengal (Rural) Primary Education Act, 1930**

The Act provides for compulsory and free primary education in Bengal.

The main provisions are :

(a) *to provide a central authority for each district called the District School Board to control primary education;*

(b) *to raise funds for universal primary education by the imposition of an education cess;*

(c) *to provide for compulsory attendance in schools; and*

(d) *to abolish fees in primary schools where primary education has been declared compulsory.*

The total estimated cost of the scheme is about 3·75 crores. Owing to the great economic distress it has not been possible to levy the *education cess*, which formed the backbone of this scheme.

An *optional scheme* has been introduced in Murshidabad, Birbhum, Dinajpur, Bogra, Pabna, Nadia, Dacca, Mymensingh, Noakhali and Chittagong where the District Boards have made over to the District School Boards their control over the primary schools and their education contributions.

The Hartog Committee observes that, in order to eliminate the waste in the present system, *education should be centralised,* that is, the educational policy should be a direct charge of the Government of India which should serve as a centre of information for all provinces, should provide funds to such of them as want assistance and should co-ordinate the experiences of the different provinces. But it is unlikely that the Government of India will be able, in the immediate future, to supply either the energy or the money required for a successful pursuit of a vigorous policy of primary education as has been advocated above. The problem of education must, therefore, remain, for some time yet, a problem to be grappled by the provinces.

Educational Reforms

We have discussed so far the problem of illiteracy and its solution through universal, free and compulsory primary education. But we have also to note the dissatisfaction that has, for some time past, been generally felt in respect of the modern system of English education in India as a whole. There are two classes of critics, one class describes the present system as a denationalising one and the other condemns it inasmuch as it is wasteful and does not help the majority of students to a career of economic success.

The Wardha Scheme

The Wardha Scheme is associated with the name of Mahatma Gandhi and is largely based on his ideas of education. The details of the scheme have been worked by a committee known as the Zakir Husain Committee. The fundamental object is a training for life, 'learning and doing' with the deliberate intention of bridging and also ultimately superseding the distinction between the brain worker and the manual labourer, not to say also the intellectual cleavage between the city and the village.

Literacy for all, training for life, learning while doing, mutual service for all in an organised community are the principles underlying Mahatma Gandhi's scheme as in the Soviet system.

But in the Soviet system this education is secular and is wholly at State expense. Also it has co-education in all subjects and in all stages and a ten years' schooling from the age of 8 to 17 for every boy and girl without any fear of examination or any punishment. From the 3rd year of the infant till the age of eight, there is universal provision for a 'pre-schooling' preparation. Also a 5 years' course, from the age of 18 to 22, of specialised vocational scientific training and this not for a selected minority but, with stipends and maintenance allowances,

for all who show themselves capable of it. The example of Russia is before Indian reformers who are engaged at present in one of the greatest tasks of the age.

We are now told that the Wardha Scheme is not intended to be self-supporting, nor to give only vocational education. Theoretical education is not neglected but education which is largely based on handicrafts should form a useful background to the majority.

A. National Education

The cry for national education was raised more than a quarter of a century back. It was felt that the education which our students were getting did not help to foster a national outlook in them. The birth of the National Council of Education in Bengal was due to this new feeling. There grew up also other institutions whose object was to impart instruction from the nationalist point of view. It was not that everything western was to be disregarded or abjured but what was insisted on was that western learning was to be acquired in consonance with the spirit of Indian culture. Notable examples of this attempt to inculcate in our students a growing respect for Indian culture and civilisation are to be found in Dr. Tagore's school, *Viswabharati,* at Bolpur, the Gurukula at Hardwar and the late Hakim Ajmal Khan's National Muslim University at Delhi.

B. Vocational Education

To the criticism of the second class of critics *the modern cry for vocational training of students owes its birth. Vocational education is that education which equips a man with such knowledge, skill or capacity as directly helps him to take to some art or industry as an occupation and means of livelihood.*

It has been increasingly felt for some years past that the general education imparted under the present system helps very little to solve life's great economic problems. Dissatisfaction, due to this cause, is intense among educated middle class people. Accordingly, there has been a growing demand for vocational education which would enable our young men to make a living.

Provision for technical education is as yet too small but efforts are being made both by private individuals as well as by the Government to meet the demand. The present unemployment among educated middle class people has been a great eye-opener in this matter.

The present position as regards professional and technical education is as follows.

Besides the college of agriculture at Poona, Nagpur and Coimbatore and several agricultural schools in the provinces we have the Research Institute at Pusa, started by Lord Curzon, which has done good work and has been recently transferred to Delhi.

There is the famous Indian Institute of Science at Bangalore, and there are Engineering Colleges at Sibpur, Roorkee, Benares, Poona, Madras, Rangoon and Patna with a few engineering schools in the country. The College of Engineering and Technology, managed by the National Council of Education, Bengal, also imparts instruction in engineering in addition to other technical and mechanical training.

For medical instruction in India there are only 45 schools and colleges in the whole of India.

Of law colleges and schools there are more than fifteen in India and the number is deemed sufficient.

Industrial schools are to be found all over India but their number is small. Some of them are maintained by the government while most depend upon local self-governing bodies and private munificence. The Victoria Jubilee Technical Institute in Bombay, the Institute of Technology at Cawnpore and the Institute of Metallurgy at Jamshedpur are well-known. Opportunities are also offered for technical and mechanical instruction by the various Railways and other workshops which take in apprentices. The Mining School at Dhanbad is an important institution.

Opportunities are also increasingly available now for commercial education. Schools of Arts and Crafts are in existence at many places. In some of them, in addition to the fine arts (painting and sculpture), crafts can also be learnt. But the accommodation in all these institutions is necessarily limited and the training, in some cases, expensive.

Facilities for professional and technical education such as agriculture, science, engineering and medicine are hopelessly inadequate in India judged by their number and the needs of the country. Great congestion and pressure for admission into these colleges is reported from almost all provinces. The State should find increased and cheaper facilities for industrial and vocational training.

Education of Women

Changes in the social outlook, abolition of early marriages, relaxation of the purdah and a general weakening of the forces of conservatism have done much to encourage the diffusion of education among women.

The education of girls is as much important as the education of boys, if not more so, because the education of the girl

is the education of the mother. It has, therefore, been urged that the school education of each additional girl counts for more than the school education of an additional boy. Accordingly, in the interests of the advancement of Indian education as a whole, priority should now be given to the claims of girls' education in every scheme of educational expansion.

There are a few women's colleges in India, the number in Bengal being only twelve, in addition to fourteen which admit both boys and girls. The paucity of women's colleges would naturally lead one to consider the desirability of having more colleges for them. But since separate institutions for them would not be possible in the present stage of women's education, chiefly on grounds of economy, they are being received more and more in the men's institutions.

Most of the districts to-day have each got a high school for girls. But the facilities offered are not at all adequate to meet the ever-increasing demand.

In Bengal, only 2·7% of the total female population is literate. In 1933-34 the total amount spent for the education of boys was nearly two crores and a half, and only 35 lakhs for girls.

The All-India Women's Conference

On the subject of the education of women the activities of the All-India Women's Conference for educational and social reforms deserve special mention. Remarkable progress has been achieved by women since they held their first conference in 1926. The promoters have built up a large, responsible and well-co-ordinated organisation for expressing the opinion of the women of India on the more important matters affecting their welfare. At first the conferences were devoted to educational questions only, but the scope of their activities has rapidly widened and the organisation is now sub-divided into Educational and Social Sections. The educational section concerns itself chiefly with primary education and with the spread of education in general. Recently it has established an All-India Women's Education Fund. The social section movement by lifting the purdah, by its support to the Sarda Act and by liberalising public opinion has considerably helped forward the women's education movement in India.

European Education

Discrimination is made by Government in the matter of making grants to Indian and European education. The average expenditure incurred

by Government for a European student is many times higher than what Government spend on an average Indian student. This has been a subject for criticism by Indians for a long time.

Physical Education

The need of physical training as a part of the education of our boys and girls is being increasingly felt and the demand for compulsory physical training in educational institutions is becoming more and more insistent.

The Physical Education Movement has started well. Provinces now employ wholetime directors of physical education. In Calcutta and in some other places the University authorities have begun to recognise the importance of physical education. Students' Welfare Committees are being set up to look after the health of students attending schools and colleges and school health is increasingly becoming a public concern.

It may not be out of place to refer here a resolution passed by the Legislative Assembly on 15th Feb., 1929 by which the Assembly recommended to the Governor-General in Council that "with a view to remove the defects in the training of the character of Indian youths. . . . steps should be taken as early as possible to provide compulsory physical training, games and drill for Indian boys attending schools and colleges between the ages of 12 and 20 and to provide and encourage the use of miniature rifle ranges."

The movement for physical education has extended beyond the scope of educational institutions and we have the evidence of a new zeal for physical culture in the growing strength of the Public Playground Movement initiated in Calcutta and in some other large cities.

This movement has an important bearing on the problems of national defence and security.

Summary

Education is mainly a subject for provincial administration. Education is divided into thee stages : (*i*) higher, (*ii*) secondary, (*iii*) primary. Higher education is given in the Universities and the Colleges, secondary education in the High and Middle English and the Middle Vernacular Schools and primary education in the Primary Schools.

The problem of illiteracy is the greatest educational problem in India.

Besides the demand for compulsory and free primary education, there is also a demand for national and vocational education.

The importance of female education and of physical education in the country is being more and more recognised. The All-India Women's Conference Movement and the Physical Education Movement deserve special study.

CHAPTER XXI

MEDICAL RELIEF AND SANITATION

"The problem of public health in India is very serious. The birth-rate, the death-rate and the rate of infant mortality are alarmingly high. This is largely due to the poverty of the people, the custom of early marriage, illiteracy of mothers, want of medical aid at the time of child-birth, insufficient food, and the fact that in many cases mothers are engaged in physical work till the moment of child-birth."

The problem as stated above is as much social as it is economic and the social and economic causes combine to make the problem of the public health worker in India almost insoluble.

Public Health—a provincial subject

Public Health is primarily the concern of the provincial governments but the central government exercises certain functions in connection with it. These functions consist "chiefly in the assistance and guidance of research, the power to take action in respect of infectious and contagious diseases, and participation in international medical activities." With regard to medical research activities (*e.g.*, researches in the tropical diseases) the institutions that are looked after by the central government and which deserve special mention are the Indian Research Fund Association established in 1911, the Central Medical Research Institute and the All-India Institute of Hygiene and Public Health, Calcutta, magnificently endowed by the Rockefeller Foundation of New York.

The administration of medical relief in the province is under the administrative control of an officer of the Indian Medical Service who is designated the Surgeon General in the three presidencies of Bengal, Madras and Bombay. In the other provinces he is known as the Inspector General of Civil Hospitals. Medical relief as also medical education are placed under his charge.

The problems of *sanitation and public health* in a province are tackled by another officer who is known as the Director of

Public Health. Both these officers are subordinate to the minister who remains responsible to the Legislature for the working of the Medical and Public Health Departments.

The Surgeon General administers medical relief through the Civil Surgeons, who are in charge of the medical arrangements in the districts, and are assisted in their work by Assistant Surgeons and Sub-Assistant Surgeons in the main and sub-divisional government hospitals. The Civil Surgeon has also to help the local authorities (Municipalities and District Boards) in the management of their hospitals and dispensaries.

The sanitation work is looked after by the Director of Public Health through Assistant Directors and other Officers employed by the local authorities.

The Surgeon General is concerned with the curative aspects, with the problems of cure ; whereas the Director of Public Health is concerned with the preventive aspects, that is, with how people can be prevented from getting ill. We all know the old adage, *"Prevention is better than cure."* The death rate from preventible diseases being appallingly high in India, public health work is very important in our country.*

The Government maintains a number of hospitals for the treatment of mental diseases. Again, there is, in each province, a veterinary department ministering to the needs of animals.

In large cities and towns there are not only government hospitals but also many hospitals endowed by private individuals.

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* **The rural public health organisation in Bengal**

In 1925 the late Deshabandhu C. R. Das outlined in the Bengal Legislative Council a scheme of public health organisation the broad outlines of which were adopted by the Government of Bengal in 1927 when it initiated the new public health organisation.

Under the scheme every thana unit, and there are 600 such units, has been constituted into a health circle staffed by a non-medical Sanitary Inspector, a health assistant and a carrier servant at a maximum average annual cost of Rs. 2,000/- for each circle.

The new organisation is controlled by District Boards, all of which employ District Health Officers. The primary aim is to prevent and, if necessary, control epidemics in the mofussil and to spread the knowledge of elementary hygiene and sanitation in the homes of the villagers by personal influence, health talks and simple demonstrations.

Medical education for the treatment of human as well as cattle diseases is provided for in the various medical colleges and schools in the country, most of which are managed by the state.

Public Health and Population

The state of public health in India is best ascertained from the Public Health Reports in India.

The population of India in 1931 was about 353 millions and has so rapidly increased since that the total will reach 400 millions by 1941. These figures include 15 millions in Burma, now separated from India.

The large annual increase and the high rates of mortality have compelled greater attention to the questions of food supply and nutrition of the people.

Some hold that India is already over-populated and, in fact, near saturation point. There are people who deny this. But the fact remains that a very large proportion of the people suffer from varying degrees of malnutrition and actually deficiency diseases are far too common.

Nutrition and Public Health

Public interest in the subject is gradually growing and more money has been made available for nutritional and agricultural research and a determined effort is being made to co-ordinate work on human and animal nutrition. Diet surveys in the different provinces have been made with this object.

The problem of health

The problem of health is literally the most vital problem in India to-day. Considerable progress has been made but it is doubtful if further marked advance is possible without any improvement in the economic condition of the people and until Indian women are sufficiently educated to appreciate the need of betterment.

England has made rapid progress in the course of the last 80 years. The growth of public opinion in India, the tightening up of public health laws, the creation of a Central Board of Health, and more time and money given to public health questions by local bodies will go a long way to bring about the desired results.

Infant mortality

The rate of infant mortality is high in India and the chief reasons are ignorance and unclean methods and habits of midwives. Midwives are being trained in 100 schools in Bengal and are given maternity bags on completion of their training. This has resulted in the saving of the lives of hundreds of women and children.

Child welfare exhibitions are also helping to fight down ignorance and superstition.

It has to be remembered that a successful attack on a problem of such proportions as India presents is impossible unless the State assumes the greater part of the responsibility.

Cholera, plague and small-pox

Cholera is a water-borne disease; hence, if water is disinfected, it cannot possibly spread. Free preventive inoculation and disinfection of tanks, wells and bathing places have helped to combat cholera. Small-pox is a terrible disease and it is infectious. As a result of intensive public health propaganda it is now widely recognised that immunity against small-pox may be obtained through vaccination. Cholera, plague and small-pox, much less terrifying now, still cause many thousands of deaths every year.

Malaria

Bengal is a hotbed of malaria which takes a toll of 3½ to 4 lakhs of lives every year. A hundred millions suffer from malaria in India every year.

Again, while one man dies, nearly a hundred suffer from the disease and grow weak—their zeal and energy are lost. Malaria is the bane of the province and has sapped the vitality of the race. Diseases like malaria and hookworm sap the energy of millions and bring in mental and physical inertia.

The spread of Kala-azar has been checked by the perfection of an easy cure.

Tuberculosis

Tuberculosis is a more recent and dangerous plague and has become one of the major health problems of the day.

Pure Articles of food

Adulteration of food, specially flour, oil, ghee and milk—is one of the chief causes of injury to public health. In no other civilised country is adulteration practised so widely and with such impunity. Pure Food and Drugs legislation need to be more stringent to protect the poor and ignorant population from the consequences of adulteration.

Pure water

Typhoid, diarrhoea, and dysentery are, like cholera, water-borne diseases. Water is very often contaminated by bathing, washing, and throwing dead bodies into water. The spread of disease in towns has been arrested by municipal waterworks supplying pure drinking water.

In the mofussil, thousands of tube-wells are being sunk by District Boards with the aid of the provincial governments. Tanks are also being reserved for drinking purposes—but the scarcity of good drinking water supply is still great in rural areas and is responsible for the prevalence of epidemic diseases.

The poverty and ignorance which are at the root of the insanitary conditions in which the people live, can be successfully fought only if the State undertakes the task. It is not suggested for a moment that private enterprise is not called for. But it is emphasised that private enterprise, with its naturally small resources, must be largely supplemented by government help if a real solution is to be reached.

Summary

Medical relief is administered by the Surgeon-General who is concerned with curative medicine.

The Director of Public Health who concerns himself with preventive medicine is in charge of sanitation.

Both kinds of work have great importance in this country.

The problem of health, like the problem of illiteracy, is one demanding our immediate attention.

CHAPTER XXII

INDIA AND THE NEW CONSTITUTION

I

The situation in India has not changed much since the Royal Assent has been given to the Government of India Act of 1935. *"It is quite natural,"* as Lord Lothian said, *"that the Indian nation very conscious of national feeling and of the evils of being ruled by foreigners should look at the constitution in a great measure with eyes of fear and distrust, whereas people in England look at it from the point of view of the difficulties of administration."*

The British Government, in the announcement of August 20th 1917, accepted *Responsible Government in India* as the goal of its policy. During the last Great War, when a great danger beset the empire, the need for India's co-operation and services was fully realised. The necessity of keeping India a contented and valuable ally and partner of Britain was recognised by admitting her claim for responsible government. (*Keith*). In fact, India was treated as a Dominion, when she was made a member of the League of Nations and her representatives signed the Peace Treaty.

Later on a reaction set in in the British policy and the relations between Britain and India became strained and bitter.

The new constitution is not likely to relieve that strain, or to arouse any enthusiasm in India. For, throughout it there is little evidence of any attempt to conciliate Indian opinion on issues considered vital by the Indian leaders.

The Indian Legislative Assembly and the new Reforms

India's Status

The new Act by avoiding any reference to *Dominion Status* has naturally raised doubts in India that Dominion Status has disappeared even as a goal, although Lord Willingdon and

the British Government in and out of Parliament reiterated their agreement with the interpretation of Lord Irwin that the only natural issue of India's constitutional progress is the attainment of Dominion Status. This deliberate avoidance of a reference to India's future status was one of the many reasons which led the Indian Legislative Assembly to reject the Reforms Scheme* in February, 1935.

The Provinces

The Assembly resolved that the scheme of Provincial Autonomy was unsatisfactory inasmuch as it included various objectionable principles, particularly the establishment of Second Chambers, the extraordinary and special powers of the Governors, provisions relating to police rules, secret service and intelligence departments—the safeguards† which rendered the real control of the Legislature ineffective and ministerial responsibility a sham.

The All-India Federation

The Assembly held the scheme of All-India Federation as totally bad and totally unacceptable to the people of British India and recommended instead the grant of responsible government in British India alone.

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* There is no reference to Dominion States, inauguration of the Federation is made subject to a number of vague conditions, too much control is given to the non-democratic Princes, there is no concession to Indian demands for some voice in military policy and for the control of the Civil Services, no suggestion that safeguards would automatically come to an end either after a period of time or on fulfilment of conditions, and the question of a further advance is felt to the discretion of the British Parliament. *Keith.*

The other points of criticism are about the restriction of the franchise and the absence of a declaration of the fundamental rights of Indian citizens.

† The safeguards may be roughly divided into three groups—

(1) those intended to secure the stability of the Federation,
(2) those demanded by the minorities, like the Muslims and the Depressed Classes,
(3) those arising from the British connection and vested British interests.

Even Mr. Churchill has said that responsible government and safeguards cannot go together. If the safeguards are real, responsibility is a sham.

It is doubtful whether an All-India Federation with the backward and undemocratic Indian States can long survive without great social, economic and political changes in the Indian States. Such changes should precede and not follow the establishment of the Federation.*

It is obvious that the federal scheme is favoured by Britain in order to set up the conservative Indian Princes to stem the rising tide of democracy in British India. Moreover the withholding of defence and external affairs from federal control and their administration by the Governor-General renders the responsible government conceded to the Federation all but meaningless.

The new federal government can work smoothly only by the virtual disappearance of responsibility and the assertion of control by the Governor-General with the support of the conservative elements in the Indian states and in British India.†

The Congress and the New Reforms

The Congress which is the most influential political organisation in India, has refused to accept the Reforms Scheme and not until after the elections did acceptance of office by Congress seem at all likely. But a notable decision of the Working Committee‡ facilitated the assumption of office by Congress in the seven provinces in which it has an absolute majority. As the Congress leaders say, this new move represents only a change of Congress tactics but no change of Congress goal or policy.§

Garratt and Thompson—Rise and Fulfilment of British Rule in India.

†*Keith*—A Constitutional History of India (1600—1935).

‡ Wardha, July 7, 1937.

§ Writing to one of the London dailies Pandit Jawaharlal Nehru says, "We have rejected the new constitution utterly and our policy is directed to end it. This is the basic fact of the situation and superficial changes in our tactics must not delude any one by imagining that we are giving up by one iota our policy of ending the constitution. It will have to go and imperialism will have to go from India."

The opposition to Federation comes both from the Right and the Left in the Congress. But the Rightist Congress leaders*, unlike the Leftists who are uncompromising, seem to be prepared to negotiate with the British Government for better terms.

The Princes† likewise, are not altogether unwilling to join the Federation, but many of them would like to have certain modifications of the present scheme to make it more acceptable from their point of view.

The Indian Liberal Federation and the All-India Muslim League‡ have also expressed their strong disapproval of the new Reforms.

It appears that at present only the left groups in the Congress, the Communists, Congress Socialists, Royists and 'the Forward Bloc'§ led by Mr. Subhas Chandra Bose, are maintaining their uncompromising hostility to the Federal Scheme. But the common objective of all political parties in India is full *Responsible Government for India.*

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* '*If things are left where they are, one may take it that Federation is dead.* Whether Federation comes or not, we have still to fight for complete independence.'—Dr. Rajendra Prasad, Congress President, 16th June, 1939.

† The Conference of Princes and Ministers in Bombay was of opinion that the terms offered to the princes were *fundamentally* unsatisfactory and, therefore, unacceptable. At the same time the Conference recorded its belief that it could not be the intention of His Majesty's Government to close the door on an All-India Federation. [12th June, 1939.]

‡ The League is of the opinion that the All-India Federation scheme as embodied in the Act of 1935 is fundamentally bad, reactionary, retrograde, injurious and fatal to the vital interests of British India *vis-a-vis* the Indian States and calculated to thwart and delay, indefinitely, the realisation of India's most cherished goal of complete responsible government and is, therefore, totally unacceptable.

§ "The object of the *bloc* is to rally all radical and anti-imperialist progressive elements on the basis of a minimum programme which would represent the greatest common measure of agreement among radicals of all shades of opinion."—Subhas Chandra Bose, 4th May, 1939.

"Forward Bloc or by whatever other name you may choose to call the new move, is nothing more or nothing less than the exercise of the inherent constitutional right to organise, mobilise, and agitate from within."—K. F. Nariman, 26th June, 1939.

II

The war has found India distracted once again.

The Chamberlain Government declared India a belligerent without her consent (unlike the Dominions). This thoughtless act embittered Indian public opinion. Congress asked for a statement of British war aims—whether this war was a war for defending Britain's Empire or a war for freedom and democracy. If it was a war for freedom, then the acid test of British sincerity would be in Britain's reply to India's claim to freedom and self-determination.

The British Government's offer which was given by Lord Zetland and later amplified by Mr. Amery failed to win Indian approval or support. It was rejected for different reasons both by Congress and the Muslim League. Even the Indian Liberals found it unsatisfactory. Trade Unionists, Communists, Socialists, Forward Bloc leaders and workers and orthodox Congressmen including six Prime Ministers and several ministers are in jail to-day, for anti-war activities. To break the deadlock a conference of moderates met in Bombay and drafted a number of suggestions but though they include some of the ablest men in India they have little mass support. The Bombay Conference has suggested that the Viceroy's Executive Council should be enlarged and composed of leading representative non-official Indians, that it should function *de facto* during the war as the Cabinet* of a self-governing Dominion and that a definite understanding should be given that within a brief time limit after the war, full Dominion Status should be given to India.

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* The Viceroy's Council has often been described as a Cabinet. That is a misleading comparison. Its members, most of them Civil Servants, are heads of departments, who form a standing committee which considers policy with the Viceroy and advises him: but it has no collective responsibility; the whole executive responsibility is centred in the Viceroy, who may reject the advice of any member as to his department and of the whole Council on broad matters of policy. *It has, of course, no responsibility to any elected body.* In the enlarged Council the status of the Indian members would be no higher than that of the Civil Servants who would sit on equal terms with them round the table.' *The New Statesman and Nation*, Dec. 14, 1940.

Mr. Arthur Moore, on the other hand, has been pleading for 'Home Rule for the Viceroy'. The Duke of Devonshire, Under-Secretary of State for India has said only the other day —"The government of India should be carried on by India for India in India" and not from Whitehall. Home Rule or Autonomy for the Viceroy would not solve the Indian problem. They are apt to forget that India's demand is that the government of India should be by Indians chosen by Indians and for Indians.

British hesitation and delay* to face this will put Britain heavily in the wrong†. Only a free and contented India can win the war for freedom and democracy. A strong and united India—a willing India alone—can make a great contribution to world peace and security.

III

It is no longer a question, whether self-government for India is desirable, it is inevitable in the course of events. The question to-day is how this new Government of India is going to tackle India's fundamental problems.

The salient fact in Indian life to-day is the unimaginable poverty of the masses.

The villager to-day has no means of escape from poverty. His standard of living is being continually lowered by the pressure of population which has been increasing by over 3 millions every year. Emigration has almost ceased, and industries and trade cannot absorb even the surplus population of the towns.

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* "For the future, in our judgment, two things are necessary: one thing is sincerity, the second is speed. Speed is necessary. What can be gained by delay? If India is to be fitted for self-government, she must be fitted for it at the earliest moment.

"Delay had been the tragedy in the past. Thirty years ago, men, who to-day are opposing us in India, were firm advocates of the British connection."

—Mr. Wedgwood Benn, *Secretary of State for India, 1931.*

† "We fear that they come too late, as the offer of Home Rule came to Ireland."—*The New Statesman and Nation,* April 5, 1941.

Among these famished and impoverished masses, the socialist movement has had an easy task. As Brailsford says, *a government which presides over poverty so terrible cannot be acquitted of its own share of responsibility.*

Every future government in India shall ultimately be judged and the value of the new constitution shall be tested by what it can do for the uplift of the masses. In recent years there have been some efforts made in this behalf both by the government and by non-official bodies. But these efforts have come at a late date and are on a scale so small that they have as yet made hardly any perceptible impression upon the problems of Indian poverty, ignorance and disease. There is audible now, as there was not twenty years ago, the underground swell of proletarian unrest. The nationalist agitation, according to Brailsford, may deepen into an agrarian revolution. Had the new departures in social and economic policy been initiated half a century earlier, Indian poverty would have been less terrible and Indian history might have taken another course.

Lawyers can draft constitutions ; only a dynamic group of men with a will and with a purpose can give them life. It is not enough to legislate. The dying villages of India must be galvanised into life. Only a great organised party, with a sagacious social and economic programme, can use the machinery of self-government to grapple with these problems. (Brailsford).

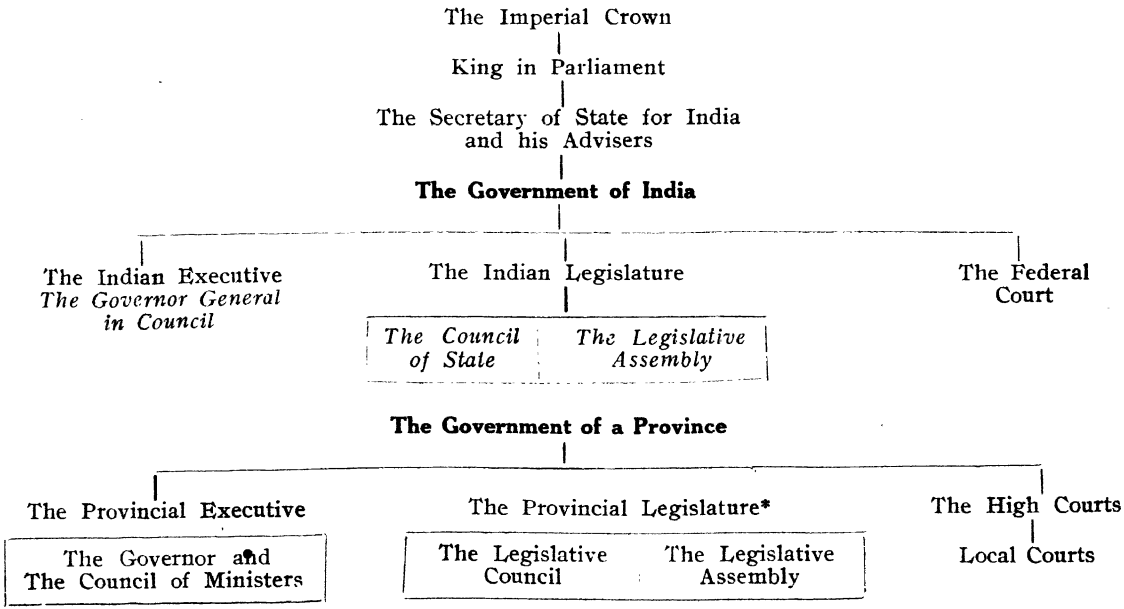
In this vast work of national reconstruction there should always be ample scope for co-operation* between sympathetic and well-meaning people of all shades of opinion.

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* Lord Linlithgow believes that with *tolerance, compromise and courage, great and beneficent changes can be made swiftly yet without revolution.*

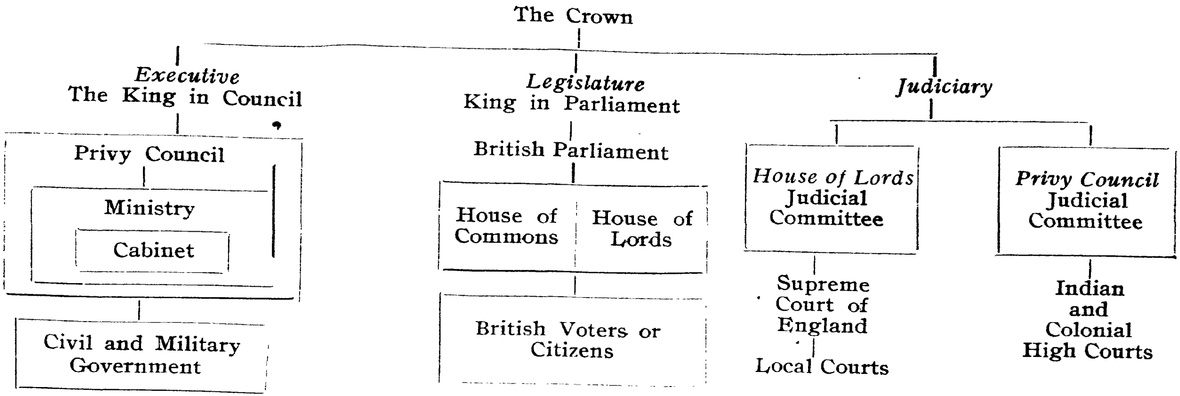
Pundit Jawaharlal, on the other hand, is afraid that it is impossible to have an agreed solution of the problem in India while there is an imperialist England and a nationalist India. There could be no peace in India while the New Act remained. But he felt that *with goodwill on both sides the time will come when we could really be friends.*

The Indian Administration

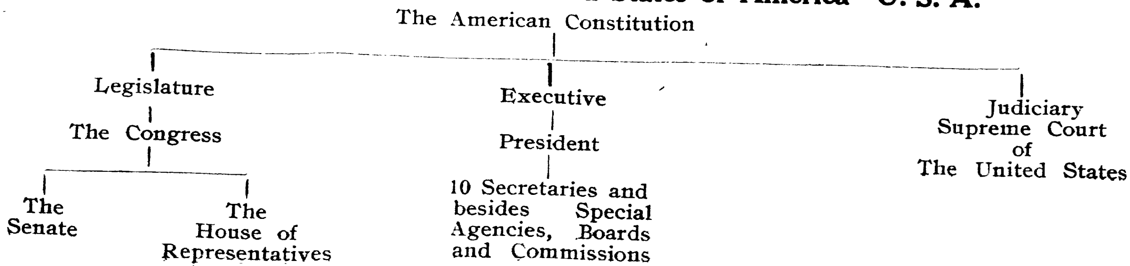


* The Legislature is bicameral only in the six provinces—Bengal, Bombay, Madras, United Provinces, Bihar and Assam. In all other provinces it is unicameral.

A. The British Constitution



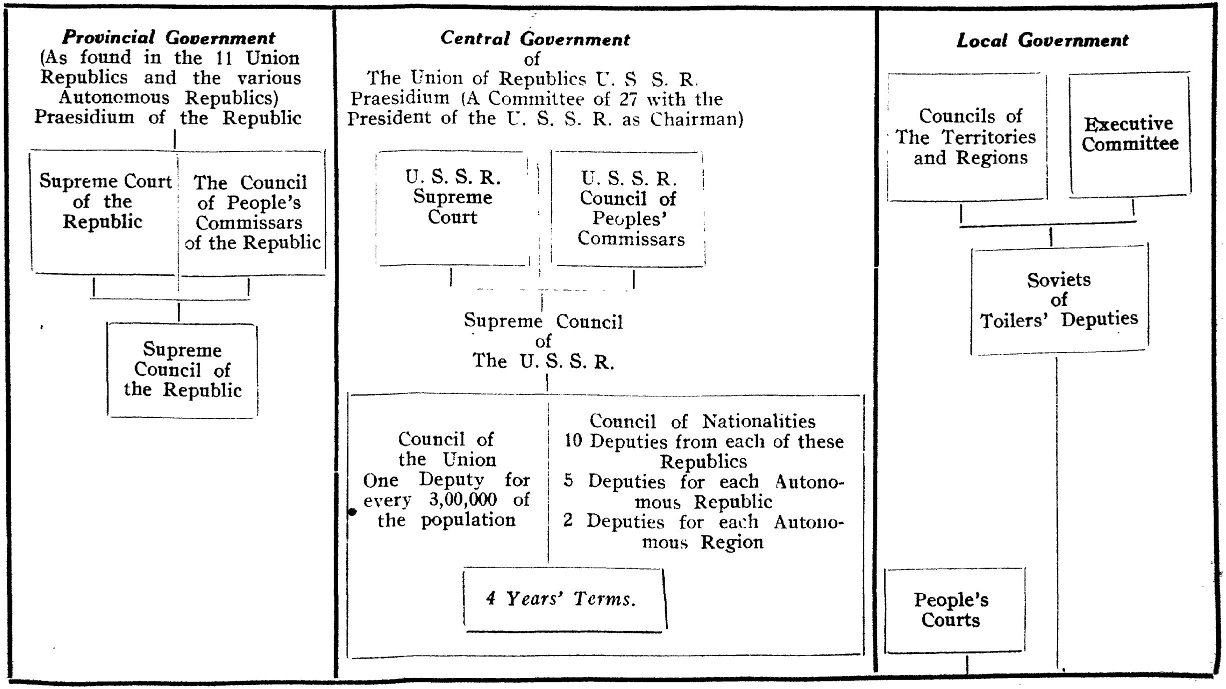
B. The Government of the United States of America—U. S. A.



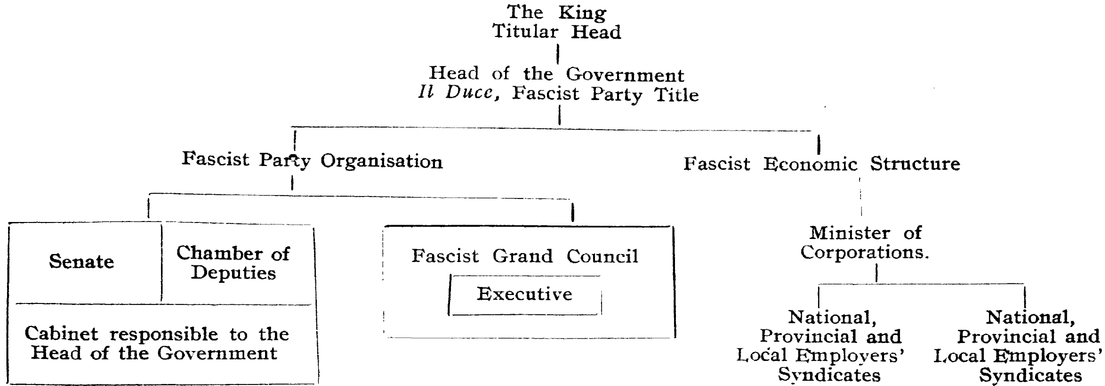
C. The Government of the Union of Soviet Socialist Republics—U. S. S. R.

(According to the New Constitution of 1936)

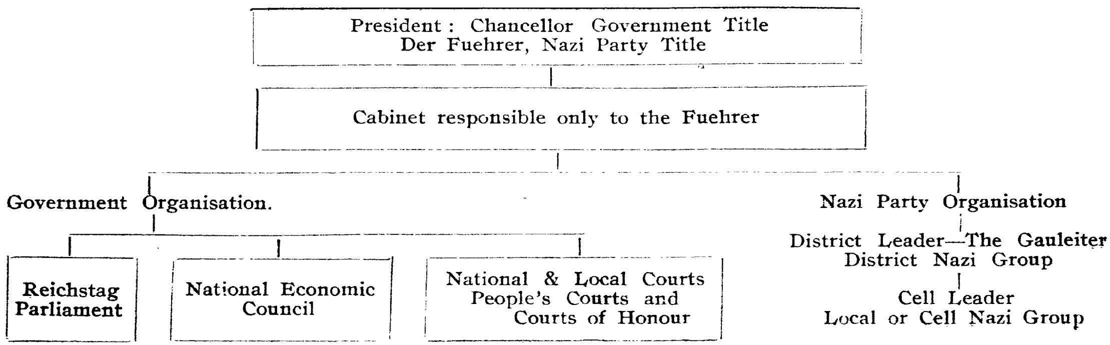
Secret, Direct and Universal Adult Suffrage



D. The Government of Italy



E. The Government of Germany



INDEX

Part I

ELEMENTS OF CIVICS

PART II

BY

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CONTENTS

BOOK I

ELEMENTS OF ECONOMICS

BOOK II

ECONOMIC LIFE IN INDIA

BOOK I

ECONOMICS

CHAPTER I

INTRODUCTION

Definition*

Economics is a social science which studies the every-day life of man: man in his wealth-getting and wealth-spending activities.

The subject-matter of Economics

The economist seeks to explain what is daily going round about us in human society. Everyday we see men and women going out to work 'for a living' as we find boys and girls are being trained 'for a living.' Every one of us in our daily life is making these efforts because every one has got a certain number of *wants,* which, for their *satisfaction,* call for *efforts.* Economics is thus a study of the *wants* of men and men's *efforts* for the *satisfaction* of their wants. *'Wants, efforts and satisfactions' complete the round of the economic life of man.*

In modern society, however, efforts hardly bring any direct satisfaction. When the cobbler mends your shoes, instead of giving food and clothing to him you give him a certain sum of money. This money income enables the cobbler to supply his own needs. Hence, economics has to deal with *income*

*** Some definitions**

Marshall

Economics is 'the study of mankind in the ordinary business of life'.

Gide

Economics is a study of wealth and a part of the study of man.

"Of all the relations which exist between human beings living in society, Political Economy deals with those alone which tend to the satisfaction of their *material* wants, with all that concerns their *well-being.*"

Fisher

"Economics may be most simply defined as the *Science of Wealth* . . It is worth emphasising, at the outset, that the *chief purpose* of economics is to set forth the *relation of wealth to human life and welfare.*"

which has appeared, in modern economic life, as the link between effort and satisfaction.

As Prof. Marshall has summed it up:

"Political Economy or Economics is a study of man's actions in the ordinary business of life; it enquires how he gets his income and how he uses it."

✓ Economics as a social science

Economics is a social science. It is concerned with man as a unit in society, as a member of a social organisation, and not with man living in isolation, cut off from the society of other men.

The activities of a Robinson Crusoe, working all alone in his island, are out of our scope.* *There is no place for a Crusoe in Economics* because his activities are centred round himself and constitute an exception to the general rule of social life.

Economics no doubt studies the actions of individuals; but it studies them in relation to social life.

Economics not the gospel of Mammon

Economics is not the gospel of Mammon, 'the dismal science',† as it was supposed to be in the times of Carlyle and Ruskin. Those who assert that Economics is the science of wealth look at the subject from a wrong point of view. As Penson says, "WHAT WE ARE REALLY STUDYING IS NOT WEALTH BUT MAN. Wealth plays a very prominent part, but is throughout subordinate to man and his activities. In short, Economics deals *primary* with MAN as WANTING, WORKING, GETTING,

* The economist has also excluded from his scope certain services (e.g., the services of the housewife) rendered without payment, and out of love, affection or a sense of duty.

† The misery and squalor that surround us, the injurious luxury of some wealthy families, the terrible uncertainty overshadowing many families of the poor—these are evils too plain to be ignored. *By the knowledge that our science seeks it is possible that they may be restrained.* Out of the darkness light! To search for this light is the task, to find it perhaps the prize, which the *'dismal science of Political Economy'* offers to those who face its discipline.

—Pigou in his Preface to the Economics of Welfare.

SPENDING, and *secondarily*, with the WEALTH which can satisfy his wants, which he helps to produce, and of which he gets a share."

Prof. Marshall also emphasises the importance of man in our study when, speaking of Economics, he says, *"It is on the one side a study of wealth and, on the other and more important side, a part of the study of man."*

Earlier economists neglected the more important side of Economics, viz., the study of man and his welfare in relation to wealth. Wealth is important but it is so because it secures the welfare of man. *Wealth is the means, the welfare of man is the end.*

The importance of the economist's work to-day is indicated by the urgent social problems of the day, e.g., poverty. For the solution of this problem the economist has to think out ways and means. The means may be greater production of wealth or better distribution of wealth. But for all that, the means are studied and thought of only to secure the end—the welfare of man.

Truly, as Roscher has said, "the starting-point and goal of our science is man."

Methods

It was formerly a much discussed question whether economics was a *deductive* or *inductive* science and which was the better method, the deductive or the inductive.

In the deductive process we start from the principle and reach the facts; in the inductive we start from facts and reach the principle.

Modern economists are agreed that both methods are correct and both are equally necessary. In the solution of some problems the deductive method may be more fruitful and in that of others the inductive. Each method has its advantages and limitations. *The deductive method is also known as the abstract or analytical to contrast it with the concrete, historical or comparative methods of the inductive school.*

The Laws of Economics*

Economics is a science because it consists of *'facts connected by certain necessary relations called laws'*.

* Economic laws have been defined by Marshall as "Social laws relating to branches of conduct in which the strength of the motives chiefly concerned can be measured by a *money price*."

In the case of economics, these laws seek to lay down that *generally* men would behave in a particular way under a given set of conditions. These generalisations or laws are, however, invariably true and accurate in the case of the simpler sciences, *e.g.*, Physics and Chemistry, which deal with the simple forces and phenomena of nature such as water, air, electricity.

Economic laws cannot be so exact because they refer to the conduct and behaviour of *men* who though possessing similar general characteristics and motives have striking dissimilarities because of the complex forces governing them. No two men are quite alike—it is, therefore, difficult to speak *precisely* as to how each would behave under the same conditions—although it may not be difficult to speak less precisely but in a general way about their possible conduct.

'The laws of economics are to be compared with the laws of the tides, rather than with the simple and exact laws of gravitation.'—Marshall.

The Scope of Economics

From what has been said already the reader must have formed an idea of the scope of Economics. *Economics is both a science and an art.*

The science of Economics must fit into the facts of our everyday life or it becomes a dim abstraction, a mere intellectual gymnastic. The laws of Economics must explain the facts of our economic life, as the facts themselves illustrate the laws.

Economics is also an art. Almost everyone of us, except the reckless, the vagabond and the spendthrift, practises in his everyday life the art of economics although comparatively few know the science. The art consists in wise earning and wise spending. Economic science deals with principles but economic art deals with practice. If, however, you run counter to the principle, you cannot succeed in the art.

In our studies of Economics we shall confine ourselves not merely to knowing *the present*, our economic life as it is, but we shall also enquire into *its past*, how economic life came to be what it is, and into *its future*, how this economic life can be made better for us all.

Economic science, while it deals primarily with the present, cannot turn away from the past or from the future.

Value of economic studies

The study of Economics is not a barren one. It is not a mere instrument of mental culture nor purely an intellectual gymnastic.

It serves, no doubt, to expand the mind and enlarge the interests of the readers. But what is more important is that

it is of great practical help in meeting the needs of our every-day life.

The close connection of grave social problems with Economics will not escape the notice of the inquiring and sympathetic student. He may ask with Marshall—'Is it necessary that while there is so much wealth there should be so much want?'*

The student may, in after-life, become a manufacturer, a banker, a merchant, a public man or just an ordinary person getting his income and spending it. But, in any case, the knowledge of the principles of Economics, which he acquires now will stand him in good stead for ever hereafter.

Summary

Economics is the study of man in his wealth-getting and wealth-spending activities.

Human wants lead to efforts, these efforts lead to the satisfaction of human wants. The economic life of man is summed up in "wants, efforts and satisfaction."

Economics is a social science and is not the gospel of Mammon, as was commonly supposed in former times.

What we are really studying is not wealth but man. Wealth is the means but the welfare of man is the end.

Economics is *both a science and an art.* As a *science*, it deals with principles; as an *art* it deals with precepts.

Economic science has its laws. These are *essentially hypothetical* and *not simple and exact* like those of Physics or Chemistry.

The study of Economics has great value and importance for us all.

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* "We are set together in this world for a little time. Of what lies behind and beyond we may frame guesses, we may, if we can, cherish hopes, but we know nothing. One thing, however, is certain for us: the lives here—the brief lives—of multitudes of our fellow men are shadowed with sorrow and strained with want. It is open to us, if we will, to stand aside, or to hinder or to help. If we would help, there are many ways. One way is the way of thought and study and the building up of knowledge. . . . It is the way for some, but not for all . . . . *Whatever way you choose, choose it with your whole heart.* Follow the star that leads you: follow without turning, whatever the toil, whatever the pain. *Do not hoard your life: spend it; spend it on an aim outside yourselves, the worth of which you feel.* It may be that that way you will save your life, it may be you will lose it. But, save it or lose it, you will have saved or lost it well.' (*Memorials of Alfred Marshall, Edited by A. C. Pigou*).

CHAPTER II

THE DEVELOPMENT OF ECONOMIC LIFE

We know what the economic life* of man is ; now let us notice how that economic life has developed from early simplicity to modern complexity.

A. SIMLPE ECONOMIC LIFE—*characterised by individual efforts.*

I. THE FIRST STAGE—when the effort is made to procure immediate and direct satisfaction of wants.—THE DIRECT STAGE.

II. THE SECOND STAGE—when the effort is made to procure indirectly the satisfaction of wants.—THE INDIRECT STAGE.

B. COMPLEX ECONOMIC LIFE—*characterised by collective efforts.*

III. THE THIRD STAGE—when the efforts are collective, no longer individual—and the satisfaction indirect—(joint production, exchange and distribution of the joint product).

IV. THE FOURTH STAGE—when money is introduced.

A. SIMPLE ECONOMIC LIFE—*the stages of individual effort.*

Stage 1. The Stage of Direct Effort

The wants of men in a savage society, limited as these are to the procuring of food and shelter, are satisfied by each man working for himself. The effort is individual.

As he feels hungry, he goes out into the woods with his bow and arrow to kill some game to satisfy his hunger. So for his shelter, he must build his own hut. The effort is directed to the immediate satisfaction of his wants. *The stage is marked by direct and individual effort.*

* In all subsequent discussions of our economic life, the usual conditions of private property, competition and economic freedom have been assumed.

Stage 2. The Stage of Indirect Effort

Soon the savages come to find that it is inconvenient for every one to be one's own food-supplier, house-builder and garment-maker. So, the hunter sticks to hunting game in the wilds and he does it better ; the builder only builds houses in the savage colony and he builds them better and quicker ; the armourer specialises in making arms and weapons so necessary in the savage state. And he does them better than anybody else.

Now, the huntsman comes back to the savage colony with a quantity of meat secured through his efforts. He wants to replenish his stock of spears, lances, bow and arrows before he goes out hunting again.

He can have, for instance, spears and arrows from the armourer in exchange of the meat he has brought. *The exchange of goods for goods is known as barter.*

The hunter gets the weapons and the armourer gets his food though their efforts could not directly satisfy their respective wants. *The effort, in this case, is individual but indirect.*

The stage of indirect and individual effort is *marked by* the introduction of *a simple division of labour* and *a simple form of exchange, namely, barter.*

B. COMPLEX ECONOMIC LIFE—*the stages of collective effort.*

From the individual efforts of men to get a living we come now to their collective efforts to secure the necessaries and comforts of life. In doing so, we are entering on the complex economic life of to-day as distinguished from the simple economic life of old.

Stage 3. The Stage of Collective Effort

In the second stage, we have noticed a simple division of labour. The house-builder, in that stage, has to make the whole of the house himself, from digging its foundations to roofing it.

In the third stage, the difficulties and inconveniences of building a house by purely individual efforts become apparent and the division of labour is carried further. The task is made easy and convenient by the association and co-operation of the efforts of several men working in a group. These workers form the house-builders' group. Some supply earth, some timber and some provide the thatching and some the labour required for building the house. The builders themselves are not in need of the house but they have other wants. So they have joined their efforts in association and co-operation for procuring indirectly the satisfaction they desire.

The effort is collective and has resulted in the building of the house which is meant to be exchanged for food, clothing and other things desired by the builders.

But whose is *the house*? It is the result of the joint effort of the builders' group and *must, therefore, be regarded as joint property.*

But what share of this property (or of the food, clothing, etc., it will procure) will go to each member of the group?

Perhaps you think it is only fair that since all have contributed, it should be distributed equally. But did they contribute *equally*? Some might have done a work that was *unpleasant,* some that was *dangerous,* some perhaps worked *longer hours* and some again did work requiring greater *skill.*

Thus is the question of distribution brought in. It is a most thorny question of immense practical interest to us.

Stage 4. The Introduction of Money

But distribution, difficult as it is, becomes more difficult in the stage of barter. Because, in the case of builders, referred to above, some might prefer food, some clothing, some ornament and so on. So there would be no end of troubles.

The use of money removes many of the difficulties of the stage of barter as it simplifies some of the difficulties of distribution.

All earnings in the fourth stage, that is, in the present stage, are expressed in terms of money. Barter is dispensed

with for a system of sale and purchase. Generally speaking, every man to-day is a joint producer. The joint product is sold for a sum of money available for distribution amongst those who produced it. Each man receives a share of this joint money-income and purchases with it what he needs, the latter being the product of the labour of other groups of workers.

Thus *the satisfaction of wants* in the present stage *is more indirect than ever.* This indirectness becomes more manifest in the *increasing division of labour* and the *use of machinery* which are the *characteristics of the modern age.*

Development of the Present Economic System

In the primitive days when men were savages their economic life had not taken any definite shape. They picked up fruits such as berries which grew wild in the jungle and thus satisfied their hunger ; or they lived by hunting game. Soon, however, men learnt the art of taming animals, and began to keep sheep, goats, cows, horses, pigs and fowl. Thus, men ceased to be hunters and became shepherds. At this stage, men led a nomadic life and moved from place to place driving their herds of cattle before them. There was *no property in land* and *hardly any division of labour.*

In course of their wanderings the nomadic tribes discovered the food-value of corn and learnt the art of agriculture. This led to their settling in fixed territories. Property in land was common but private property was gradually developed as also an elementary form of division of labour. *This was but the beginning of our modern economic life—with all its virtues and vices.* Then followed *the handicraft system* under which agriculture continued to be the chief industry but, along with that, hand-made manufactures were also developed. Each village or a small group of villages became *a self-contained unit,* the needs of whose inhabitants were satisfied locally by the village farmers and craftsmen. Big towns and cities were unknown, markets were local and limited and production took place on a small scale with the help of a few simple tools and instruments.

The middle of the eighteenth century saw a series of remarkable and rapid changes in the economic system of England which gradually spread all over Europe. *The Industrial Revolution* marked the close of the old handicraft stage and its replacement by the complex economic system of our own times based on an elaborate division of labour and production on a large scale with the help of machinery, under the leadership of capitalist employers employing large numbers of wage-earning labourers and large volumes of capital. The chief features of the modern economic system are *private property* and *economic freedom*. Production now-a-days is chiefly controlled by *the capitalist-producers guided*, chiefly, *by the profit-making motive*. The *capitalist system* has reached its highest stage of development in the U.S.A., Great Britain, Germany, France, and Japan followed by India and China to a limited extent. A successful revolt against this system has been made in the U. S. S. R. (Russia) where the Communists have abolished private capitalism and private property and where the production of wealth in the community is *only* for the satisfaction of the needs of the community.

Summary

It is interesting to note the development of economic life from early simplicity to modern complexity.

The Simple Economic Life, characterised by *individual effort*, has two stages (*a*) the direct stage and (*b*) the indirect stage.

The Complex Economic Life, characterised by *collective effort*, has likewise two stages marked by (*a*) the beginning of group effort and (*b*) the use of money.

The development of economic life has also been traced in other ways, *e.g.*, (1) self-sufficing economy, (2) trade or commercial economy and (3) capitalist or industrial economy.

CHAPTER III

PRODUCTION

We have seen that wants, efforts, and satisfaction constitute the economic life of man. We have also seen how economic life has evolved from early simplicity to modern complexity. Since wants cannot be satisfied without efforts, let us now proceed to study the economic efforts of men.

The application of efforts to the satisfaction of wants of others is known in Economics as PRODUCTION.

What is produced?

What man produces is not new matter because matter cannot be created by man. Man only produces *utility*.

The carpenter who made the chair did not create the matter, *i.e.*, the wood ; the wood was there in the forest. The carpenter made a new use of the wood by making a chair out of it. He created, what we call, a new *utility*,* that is, *a new power to satisfy a human want*. This production on the part of the carpenter has been expressed by Penson in the form of an equation.

$$\left.\begin{array}{c}\text{Utility of chair}\\ \text{minus}\\ \text{Utility of wood.}\end{array}\right\} = \begin{array}{l}\text{the additional utility created}\\ \text{or produced by the carpenter.}\end{array}$$

Wealth

Wealth is a synonym for well-being. Wealth has, therefore, a very broad connotation.

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* **Different kinds of utility**

Some writers have distinguished between (1) *elementai* (2) *form* (3) *place* and (4) *time utilities*.

Coal has *elemental* utility even when undisturbed in a coal seam. It is given *form utility* when hewn and broken into pieces of convenient size. It has a maximum of *place* utility in the coal-scuttle by the fireside and its highest *time* utility in the winter. Chapman—'Outlines of Political Economy'.

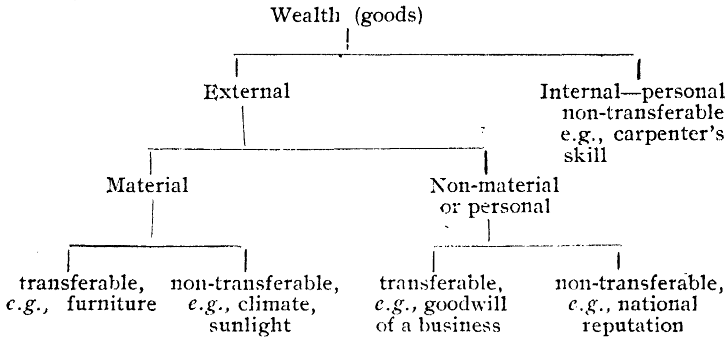
Wealth* in Economics

In Economics wealth has a broad as also a narrow meaning.

Chapman

In its broad sense wealth stands for anything which satisfies human wants, directly or indirectly. Thus broadly conceived, wealth is also known as goods.

Wealth or goods may be classified after Chapman in the following manner:



Penson

In a narrow sense, as understood by Penson, wealth has been taken to mean goods which are produced by human labour.

According to Penson, wealth is that

(i) which has the power to satisfy a human want and

(ii) which is the result of human effort.

Thus narrowly viewed, in order that anything may be regarded as wealth in Economics, it must have utility and it must also be the outcome of human exertion. Things which are obtained without any effort on anybody's part are *"free*

***Some definitions of wealth**
Seligman
Wealth is any exchangeable commodity.
Gide
All that mankind believes to be useful and can utilise is wealth.
Fisher
The ordinary meaning of wealth includes only *material objects owned by human beings and external to the owner.*

goods''* and as such are not wealth from this point of view. Thus *scarcity* is also an attribute of wealth.

For example, air and water have great utility ; but they cannot be regarded as wealth by the individual because they are free gifts of Nature and not the product of human effort. But air would be wealth to the diver under the sea to whom air has to be pumped down ; similarly, water would be wealth to the man in the desert who would make efforts to bring it.

Likewise, things which have no utility are not wealth. A man might have spent much time and energy in producing a thing which does not possess any utility. As it does not possess any utility, it is useless, valueless—it is not wealth. A thing does not become wealth merely because it has required great effort.

Now that we know the nature of wealth (that which satisfies our want and which cannot be obtained without effort) we may consider what it may include.

Let us take, by way of illustration, some of the things a college student wants. He wants good meals, some clothing, also a few books. All these commodities (or material goods*) satisfy his wants and all these are procured for him by human effort and must, therefore, be regarded as wealth.

Further, the student wants good teaching and wholesome recreation. These wants of his are satisfied by the services of

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* There are economists who insist on *limitation in quantity* and *transferability* as essential attributes of wealth. That is to say, all goods which have an exchange value are wealth.

Thus, according to them, in order to be reckoned as wealth a thing must have the following characteristics :

(1) it must possess utility,
(2) it must be limited in supply,
(3) it must be transferable,
(4) it must be external to man.

* In Economics that which satisfies a want is called a 'good'. A classification of material goods under two heads, (1) *consumption goods* and (2) *production goods* may be useful to the students at the beginning. "If like everything we eat or wear, material goods are used for the direct satisfaction of wants, they are called *consumption goods*, but if like machines, tools or raw materials, they are used in the production of other goods and so satisfy wants indirectly, they are called *production goods*."

professors and tutors and of various other people. The services are immaterial goods, something which have no form, something which cannot be touched. But since they satisfy human wants and since they are the outcome of human effort, they must also be regarded as wealth.

It is clear, therefore, that wealth (the things which satisfy our wants and for which we must make some effort) may be of two kinds—material and immaterial, and that it includes both services as well as commodities.

Wealth (Goods)

Material	Immaterial
(Commodities)	*(Services)*

Factors of Production

That which contributes to the production of wealth is known as *a factor or agent of production.* Generally speaking, in every case, at least three factors of production must be present. The requirements of productive efforts are

(*i*) LAND, including all gifts of Nature, *e.g., soil, minerals, etc.,*

(*ii*) LABOUR, including human activity—*physical and mental,*

and (*iii*) CAPITAL, that is, artificial aids, *e.g., tools, instruments, etc.*

For example, the fisherman produces wealth when he secures a catch of fish. But his production of wealth (or catch of fish) is dependent on—

(*i*) *there being fish in the sea or in the river* (GIFTS OF NATURE),
(*ii*) *his own skill and effort* (LABOUR) *in fishing* and
(*iii*) *the use of fishing nets, boats* (ARTIFICIAL AIDS OR CAPITAL).

As division of labour has been carried further and further and the economic structure of society has become vaster and more complex, men have emerged in distinct groups as landowners, capitalists and labourers. Hence has arisen the need of ORGANIZATION which will co-ordinate the efforts of these groups for the purpose of production. This new factor in production, namely, *organisation,* is also *associated with enter-*

prise or risk-taking in view of the risky nature of modern business.

The factors of production may, therefore, be enumerated as :

(i) *Land ;*

(ii) *Labour ;*

(iii) *Capital ;* and

(iv) *Organisation (associated with which is enterprise or risk-taking or uncertainty-bearing).*

Penson has classified these factors under two heads :—

A. Forms of human activity.

B. External aids.

A. **Forms of Human activity**	B. **External Aids**
(1) Labour	(4) Gifts of Nature
(2) Organisation	(5) Capital.
(3) Enterprise	

The Factors of Production—another view

Socialist authors object to the use of the word Capital as a Factor of Production and suggest instead the names of Material Equipment and Non-material Equipment. The objection is mainly based on the ground that what actually takes part in production is not a bag of coins nor a bundle of notes (which commonly stand for capital), but the tools, machinery, buildings and other material equipment embodied in our store of accumulated human knowledge as to how best things can be produced.

According to them, therefore, the four factors of production are

Land and Natural Resources,

Labour,

Material Equipment, e.g., machinery, buildings,

Non-material Equipment, e.g., our knowledge of science, and of the methods of production and business organisation.

Thus, *first,* there must be land and natural resources and the better their quality and the more abundant they are, the greater will be the production.

Secondly, labour is necessary. Better and more efficient production can come only from the labour of people strong and healthy in body and mind. That country is the richest from the point of view of labour where the number of people, too young or too old or too idle or too feeble to work, is the smallest.

Thirdly, material equipment is necessary and generally the more such artificial aid, the greater is the output per head.

Fourthly, non-material equipment or knowledge is necessary. The more knowledge we have, the greater will be the amount produced per head.

Relative Importance of the Factors of Production

All the factors, land, labour, capital and organisation, are equally indispensable to-day.

In primitive society when man was much too dependent on Nature, when he had not yet learnt to control Nature and her forces, *the Gifts of Nature* were, no doubt, the most important factor.

As Nature was gradually brought under control by man, *Labour* came to the forefront.

The introduction of machinery, the growing division of labour and large scale production increased the power of Capital which then came into prominence.

With the increase in the size of the business and of the market with an attendant increase in the risks of production came the recognition of the great importance of the *entrepreneur* for his managing ability and judicious risk-taking.

The agents of production are ultimately reducible to two—*Nature and Man. Of Nature and Man, Man is the active agent and is thus more important than Nature.*

As *Nature and Capital* play a purely passive part in production, Gide prefers to call them *factors of production.* *Labour* is not merely a factor, it is something more; because it is active, *it is an agent.*

Summary

The application of human effort to the satisfaction of wants is *production.*

Man only produces *utility* (want-satisfying power).

Wealth has a broad and narrow meaning. In its broadest sense, wealth means anything which satisfies human wants. Narrowly viewed, wealth is that which satisfies wants and requires efforts (or that which has *utility* and *scarcity*).

The production of wealth in modern times is dependent on the four *factors of production* (1) Land, (2) Labour, (3) Capital, and (4) Organisation and Enterprise.

All the factors are equally indispensable to-day.

The relative importance of these factors has varied from age to age. At first Nature was the all-important factor but now Man, by his gradual conquest of Nature, has become the more important factor.

CHAPTER IV

LAND

Land (Gifts of Nature)

'Land' includes all gifts of Nature utilised for the satisfaction of human wants. The economist's use of the term *'Land' has a much wider meaning than its popular use. It stands for all natural agents. 'Land'* in Economics *includes* not only land proper (*soil*) but also *rivers, seas, mines, forests, etc.* Land also includes such forces of Nature as are used in production—*wind-power, water-power, etc.*

Land in Production

(*a*) The earth gives standing-room to men while they are engaged in production.

(*b*) Land has in it certain elements which nourish the growth of plant life and are indispensable to agriculture. This property of land is known as fertility.

(*c*) In the bowels of the earth are hidden minerals of various kinds, coal, petroleum, gold, iron, etc.

Land is, therefore, indispensable to production.

The two chief peculiarities of land are

(1) *the supply of land is limited.* We can increase the supply of of motor cars, machines, tools, etc., but we cannot increase the supply of land indefinitely.

(2) *The law of diminishing returns operates in the case of land.*

Land and Society

All land that we know of is the free gift of Nature—not the creation of man. Why should man then be permitted to appropriate land for his private use and convert it into his private property?—ask some. The landlord of an urban site or of an agricultural land or of a mine or of a fishery has no more exclusive right to it than he has such a right to the enjoyment of fresh air or sunlight. These are the common heritage of all. Land, they argue, should, therefore, be owned by the community as a whole.

The argument has great strength and much attraction; but every student of economic science should approach the question after full study and with great deliberation.

The Law of Diminishing Returns

The Law of Diminishing Returns as applied to land (agriculture, mining, fisheries, etc.) is :—"*An increase in the capital and labour applied in the cultivation of land causes, in general, a less than proportionate increase in the amount of produce raised.*" (Marshall).

When a farmer desires an increase of produce, he applies more capital and labour to the cultivation of his plot of land.

Speaking generally, he gets an extra produce but the increase in produce is proportionately less than the increase in labour and capital. The extra produce has been raised at greater cost, that is, with the same cost less has been raised than before. It means that land is yielding diminishing returns. And this happens because there is a limit to the fertility of land. Every farmer knows it and, therefore, after a certain point, he does not spend more on the land already in use ; instead, he begins to break up fresh soil.

The Law of Diminishing Returns is based on general experience. Were it not for this tendency every farmer could save nearly the whole of his rent by giving up all but a small piece of his land and bestowing all his capital and labour on that.

It should always be remembered that the law relates only to *the amount of produce* raised and not to its value.

An illustration

A cultivator has a plot of 2 bighas for growing rice. He spends Rs. 20 on account of labour and capital for the cultivation of paddy on his land. He finds at the end of the harvesting season that he has been able to get 20 mds. of rice.

Next year, he spends an extra sum of Rs. 20 on labour and capital on his old plot. He gets an extra yield of only 10 mds.—a smaller yield to his new investment.

Not discouraged yet, he spends another sum of Rs. 20 on his land (this time the total investment is Rs. 60). The extra yield this third time is 5 mds.—smaller still. The illustration is expressed in a tabular form below.

The same plot of land is cultivated in succeeding years. The investment expressed in terms of money is laid out in the hire of cattle and plough, purchase of seeds, wages of labourers, etc.

	An investment of Rs. worth (labour and capital).		would bring a total return of mds. of rice		or on the investment per rupee worth of labour and capital an average return of
I.	Rs. 20/-		**20 mds.**		1 md.
II.	Rs. 40/-	(20+20)	30 mds.	(20+**10**)	30 seers.
III.	Rs. 60/-	(40+20)	35 mds.	(30+**5**)	23⅓ seers.

The total yield increases, but further instalments of labour and capital, although equal to the first, have added less and less to the total production.

In the first year, the total yield is 20 mds. for Rs. 20/—the rate of return being 1 md. per rupee.

In the second year, the total yield is 30 mds. for Rs. 40/ —the rate of return being 30 seers per rupee.

In the third year, the total yield is 35 mds. for Rs. 60/—the rate of return having fallen to 23⅓ seers.

The extra yield for the same amount of labour and capital fell from 20 mds. to 10 mds. in the second year and 5 mds. in the third year.

The yield or return is thus diminishing with every further instalment of labour and capital applied to land.

It is to be noted that in spite of diminishing returns extra investments would be worth while because of the rise in the price of rice.

Law of Diminishing Returns—its limitations

The qualifying words *'in general'* in Marshall's statement of the law imply that there are limitations to it.

These limitations are as follows :

(1) There might be increasing returns for a time before the point of diminishing returns is reached. A poor cultivator may not have cultivated his plot well in the past. In the hands of a better and more prosperous cultivator the same plot would be more thoroughly cultivated with a larger investment of capital and labour. For a time there would be increasing returns. But there is a very definite limit to the increase. When the limit is reached the Law of Diminishing Returns will assert itself.

(2) Growth of capital in a country may, by multiplying the advantages of drainage, irrigation and communication, improve the returns from land, thus checking the operation of the Law of Diminishing Returns.

(3) Improvements may take place in the existing arts of agriculture. These improvements in methods, in tools and implements, would bring better results.

But all these can only delay the operation of *the law* which *would ultimately operate in all countries,* old and new. In old countries, as in India, it is already in operation; in *new countries* as in the U. S. A. the law has been held *temporarily in check.*

The Law in its application to mines and fisheries

For the sake of convenience, we have taken agriculture for our illustration. The law holds equally true of mines and fisheries. There is in their case also a limit after which successive doses of labour and capital would bring in lessening yields.

The Law of Diminishing Returns in other industries

It must be understood clearly that the diminishing return is not peculiar only to extractive industries. It may also operate in manufacturing industries. But in actual life this is rare.

Productive efficiency of land

The productive efficiency of land depends on natural qualities, social environment and economic conditions.

(*a*) *Natural qualities*—The productive powers of land largely depend on its *natural qualities, e.g.,* fertility of soil, water-supply, climatic conditions, etc.

(*b*) *Social environment*—The site is also important. Proximity to markets and centres of population and development of communications (roads, water-ways, and railways) will considerably add to the productive efficiency of land.

(*c*) *Economic conditions*—The economic conditions are connected with the application of labour and capital to the improvement of land. The natural condition of land can be modified by economic efforts. A piece of land which is infertile due to deficiency of water can be made fertile by irrigating it with water obtained from a tube-well or from a canal. In Sind and in the Punjab vast areas of land have thus been made productive.

Water-Power

Of the Gifts of Nature water-power is one of the most common and at the same time the most useful of nature's aids to production.

In all old countries it had been the practice, in India even now it is a common practice in the north, to harness the energy of the swiftly flowing rivers to drive simple water-mills which would grind corn or extract oil for the peasant folk. Later this power came also to be used for driving the machinery in newly-started factories and mills.

In our age the value and importance of water-power have increased a millionfold by the knowledge and utilisation of its capacity to generate electricity at a very cheap cost.

India promises to be one of the leading countries of the world in regard to the development of hydro-electricity in which great progress has already been made. We have an immense potential energy stored in the gushing waters of the Indian rivers.

Since wood, coal and oil are dear and somewhat difficult to obtain in India except in a few favoured areas the people have in cheap electricity, generated by water, an aid to production which will perhaps revolutionise their life. The hydro-electricity plants in Bombay, Kashmir, the Punjab and the Madras have been lighting up villages and towns, heating homes, driving mills and factories and hauling trains carrying goods and passengers at a nominal cost.

Summary

Land is the most important factor in production—without it nothing can be produced.

Land includes all gifts of nature, *e.g., soil, rivers, seas, mines, forest, water-power, etc.*

The *Law of Diminishing Returns* as applied to land is that, after a certain point, additional investments of labour and capital would bring gradually diminishing yields from land.

The productive efficiency of land depends on (*a*) natural qualities; (*b*) social environment and (*c*) economic conditions.

Besides land proper, water-power is a factor of production of great importance especially in India.

CHAPTER V

LABOUR

Labour

Labour means the exercise of the powers of mind or body for the creation of utilities. The statement, 'Man has to labour for an existence', means that man has to make efforts, mental or physical, for the satisfaction of his wants. Labour may, therefore, imply *both brain-work and manual work.*

Productive and unproductive labour

The old idea

A specimen of early economic thought on the subject is provided in the following passage :—

"In the same class of unproductive labourers must be ranked some of the gravest and the most important and some of the most frivolous professions—churchmen, lawyers, physicians, men of letters of all kinds, domestic servants, players, buffoons, musicians, opera singers, opera dancers." (Adam Smith).

Our old economists led by Adam Smith held the labour of only those who assisted in the production of material things or commodities as productive and the labour of all others as unproductive. Labour which was embodied in some tangible or visible thing was productive, all other labour was unproductive. They ignored the services of the doctor, the lawyer, and the musician whose 'labour perished in the very instant of their production.'

The old idea in this respect has changed considerably.

The present distinction between productive and unproductive labour.

Since production means *the production of utility,* labour or human effort which results in the production of some utility is *productive labour.*

The utility may be in the production of some commodity, such as cloth and yarn in the case of the weaver and the spinner, or the utility may be in the rendering of some service,

—the service of a doctor or of a musician. To make their labour productive what is, therefore, required of men is that they must supply commodities or services which have utility.

Labour which fails to produce any utility is *unproductive labour, e.g.*, labour spent in digging a well which is abandoned when it is half-done.

Paupers, thieves, swindlers, ne'er-do-wells, who are parasites, who produce no utility, are excluded from the category of productive labourers since they contribute nothing ; their labour is entirely unproductive.

A sharp distinction is not possible

The emphasis being shifted from the tangibleness of a thing to its utility, the distinction between productive and unproductive labour has appeared in a new aspect. The sharp distinction between productive and unproductive labour has been replaced by a distinction between more or less productive labour. If utility is the test of productiveness, it will be found that all labour produced some kind of utility or other, though in certain cases the utility would be great and in other cases small. It is conceivable that in some cases the effort made produces no utility at all but that happens very seldom. More usual is the case of the production of utility not as great as the effort made.

Hence the distinction betwen more or less productive labour is more important for our practical purposes.

'Thus, what is of real importance to us to-day is not whether the labour is productive or unproductive—but whether it is more or less productive, i.e., whether the effort expended results in the production of a large or small amount of wealth.'

Efficiency of labour

No one produces all that he requires. Labour to-day is, therefore, not isolated ; but is organised in a highly specialised form. The *efficiency* of labour is *not the same everywhere.* It differs in degree from country to country and from industry to industry. For example, the efficiency of labour in the Japanese Cotton Industry is greater than it is in the Bombay Cotton Industry.

On what does this efficiency depend? The efficiency of labour depends on

(I) the efficiency of the labourers themselves, and

(II) on the manner in which labour is organised and directed, in other words, on the efficiency of the employer.

I. The efficiency* of the labourers largely depends on the following:

(a) *A favourable climate.* Adverse climate, extreme heat or cold, is unfavourable to strenuous work.

(b) *Provision of the necessaries of life and labour.* Good and sufficient food, sanitary dwellings, proper clothing and healthy recreation—all go to make a worker efficient. A diminution of these would bring down efficiency to a low level.

(c) *Education—general and technical.* Education develops intelligence, judgment and imagination in the worker. These qualities go to make a good and efficient worker. Many of the trades in the modern world of highly technical industries demand great skill from the workers.

(d) *The moral qualities of honesty, industry and temperance.* These qualities mark a really efficient worker. Character is no less important than cleverness or skill. An irregular and intemperate life reduces the productive efficiency of a labourer.

(e) *An atmosphere of hopefulness, freedom and change.* Industrial and political slavery reduces the efficiency of labour.

(f) *The nearness and directness of reward.* Willing workers are the greatest assets of modern industry. The nearer and more direct the reward, the greater will be the inducement to work.

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* The efficiency of labour depends upon two things (a) the power to work and (b) the will to work:

(a) The labourer's power to work or capacity for work is determined by his physical fitness which depends on climate, racial qualities, adequate and proper food, clothing and housing. It is also determined by his technical, intellectual and moral fitness for which proper education and environment are necessary.

(b) The efficiency of labour also depends upon his will to work. This will of the worker is governed and influenced by the conditions of his employment and by his own ideals and outlook.

The *efficiency of labour in India* can be improved by (1) the better provision of the necessaries of life and labour, (2) education, both general and technical, (3) the creation of an atmosphere of freedom, change and hopefulness and by (4) better direction and organisation of labour.

(*g*) *The number of hours of work.* Too many hours of work will have evil effects on the efficiency of labour. Industrial fatigue is one of the principal causes of diminished output.

II. The efficiency of labour also depends on an intelligent direction and organisation of labour.

Great increase in efficiency can be secured by the allotment of a particular piece of work to an industrial labourer who is best fitted for it. This division of labour is one of the main problems of organisation and will be discussed in a subsequent chapter.

Likewise, capital in the shape of adequate tools and machines has to be furnished to aid the labourer to do his best.

Summary

Labour implies both brain-work and manual work.

Labour or human effort which results in the production of some utility is *productive labour.*

Labour which fails to produce any utility is *unproductive labour.*

What is of real importance to us to-day is not whether labour is productive or unproductive but whether it is more or less productive.

The efficiency of labour depends on

(1) the efficiency of the labourers which is promoted by (a) *favourable climate,* (b) *provision of necessaries,* (c) *education,* (d) *good morals,* (e) *free and hopeful atmosphere,* (f) *nearness and directness of reward,* and (g) *a reduction of hours of work;*

(2) it also depends on the employer's efficiency in the direction and organisation of labour.

CHAPTER VI

CAPITAL

Origin of Capital

Capital is the result of saving. In order that we may save *we must produce in excess of our present requirements, i.e.*, we must produce a surplus. This surplus may be *spent immediately* or *wasted* or it may as well be saved. If it is saved and is devoted to the getting of an income it becomes capital.

Capital defined

Capital is, therefore, defined as *that part of wealth which is saved* and is devoted to the getting of an income.*

Capital and Wealth

Wealth devoted to some purpose with the intention of obtaining an income from it is called capital.

"Thus a man's capital is part of his wealth and the same thing may be called *wealth* or *capital* according to the *use* to which it is put. Take, for example, *a motor car.* If its owner uses it *for pleasure,* we should say it is *wealth* to him, but if he uses it, as a doctor would, *for professional purposes,* it is a *form of capital.* It helps him to make a larger income because with it he can see a larger number of patients."

A person's capital is that part of his stock from which he expects to derive an income. (Adam Smith).

Forms of Capital

Capital may take different forms.

The *factory buildings, plant* and *machinery,* the *tools* and the *instruments,* the *raw materials* awaiting manufacture are all alike capital—they are aids to production and are known as *producer's capital.*

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* All wealth that is saved is not necessarily capital. For example, wealth that is hoarded and hidden as treasure—not devoted to any productive use—is not capital.

The goods in the warehouses and the stocks in shops are also capital.

The *dwelling house* when it is an aid to production and not a mere luxury is also capital but it is known as *consumer's capital* to distinguish it from producer's capital which aids production directly whereas consumer's capital aids only indirectly.

Fixed and Circulating Capital

Capital has been also classified as (1) *fixed* and (2) *circulating capital.*

Capital which remains in a durable shape and renders repeated services in production is known as *fixed capital. Factory buildings* and *machinery are instances of fixed capital.*

Circulating capital is that which can be used only once in one form—circulating capital means those goods which wear out by a single use in production. The constant supply of large quantities of raw materials is circulating capital. *The raw material,* e.g., cotton, is turned into the finished product, cloth, from the sale of which fresh raw materials are bought. *Thus this capital goes on circulating.*

Circulating capital changes its form by a single use, *Mustard* in an oil mill is *changed into oil* and *cake.*

Capital in production—its functions

Capital is one of the factors of production. It is *derived* from the two primary factors, *land and labour* and is, therefore, *subordinate to them.*

Capital has a *twofold importance* in production. It is a *requirement of production* as it is also the *result of production.* It is a factor or a requirement in the sense that without capital there can be no production. It is the result of production inasmuch as wealth must be produced before a portion of it can be saved and applied to the getting of an income.

The individual owner, or the capitalist as he is called, thinks that the function of capital is to bring him an income. To him it is merely a means of getting an income.

But to the business man as also to society, capital to-day is an indispensable aid to production and its function is to increase enormously our productive powers and efficiency.

The three *chief functions* of capital

(1) it makes man's labour much more productive;
(2) it enables men to specialise in production;
(3) it enables business men to take risks, to produce in anticipation of demand and to make experiments.

Efficiency of Capital

By itself capital cannot do anything. *The efficiency of capital is considered from two view-points :—*

(a) *its fitness as an aid to production,* and
(b) *the method of its application.*

(a) Capital must be fit for the production in view. A large factory-building might be too big for a small button factory. A button-manufacturer may invest the larger portion of his capital in the building and then suffer from want of capital when he has to buy machinery or raw materials.

(b) Good machines and good buildings are helpful, but the best results would only be obtained by the best use of these machines and buildings. A high efficiency of capital would be secured if these machines are handled by efficient workmen working under the supervision of capable organisers who would make the best use of the men, the machines and the buildings, *i.e.,* the best use of land, labour (men) and capital (machinery and buildings).

Growth of wealth and capital*

The causes and conditions of the growth of wealth differ and have differed in different countries and in different ages.

*** Growth of Capital in India**

As regards *subjective conditions, family affection* is nowhere stronger than in India. The trading and middle classes possess sufficient *foresight,* but foresight is absent among the poorer classes of the Indian people.

As regards *objective conditions,* we enjoy at present in India the necessary security of life and property.

1. Essential condition—the power to save

There must be a surplus above necessaries of life before anything can be saved.

2. Subjective (mental) conditions—the will to save

(*i*) The habit of distinctly visualising the future and providing for it is a habit slowly developed in human society. This *foresight* is a condition of saving. The savage has no foresight and does not save.

Besides, there are other subjective conditions, *viz., motives.*

(*ii*) With the development of family life the chief motive for saving is *family affection.* When this affection is great, as in India, *the desire to save* something for the family is *strong.*

(*iii*) Mere *megalomania* also leads some to save. *The desire for power,* which money brings, is no less a strong incentive to saving.

3. Objective (external) conditions

Besides the subjective conditions, mentioned above, there may be *external conditions* which favour the accumulation of wealth. Among such external conditions are:

(*i*) *security of life and property,*—in a state of chaos and disorder when life and property are insecure, people would be disinclined to save;

(*ii*) *use of money,*—before the use of money, wealth, consisting of perishable goods, could not from its very nature be stored up;

(*iii*) *opportunities of safe and profitable investment,*—savings banks, insurance companies and co-operative credit societies encourage saving, and

(*iv*) *the rate of interest,*—in the capitalist order of society there is a close connection between the rate of interest and the

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But *the essential factor* that there must be a surplus above necessaries of life *is absent* in the Indian peasantry who form three-fourths of the Indian population. Consequently the Indian agriculturist's power to save is extremely limited.

Moreover, the number of banks and institutions offering opportunities for safe and profitable investment is very inadequate.

volume of saving. In the words of Marshall, a rise in the rate of interest offered for capital tends to increase the volume of savings. In most cases, men are encouraged to save by the interest which they get on their savings. Other things being equal the higher the rate of interest, the greater will be the stimulus or inducement to save.

Capital and society

Capital is regarded by all as indispensable to production; but private capitalism is not so regarded. Should all capital be in the hands of a few privileged and, in some cases, incompetent individuals? Or should the ownership of capital, as of land, be vested in the community? This, again, is a grave social question which should be discussed at a later stage.

Summary

Capital is the result of saving.

Capital is that part of wealth which is saved and devoted to the getting of an income.

Capital may be (*a*) *fixed*, when it remains in a durable form, *e.g.*, buildings, or it may be (*b*) *circulating*, *e.g.*, raw materials.

Capital is a useful aid to production, and, as one of its factors, comes next in importance to Land and Labour from which it is derived.

The *efficiency of capital* depends on (a) its fitness as an aid to production and (b) the method of its application.

The *growth of capital* in a country depends on the people's having *first of all* (a) a surplus above the necessaries of life *and next* on (b) their foresight, family affection, and desire for power which money brings, and (c) on the security of life and property, on the opportunities of safe and profitable investment as also on the rate of interest.

The function of capital is not merely to add to the money income of the private capitalist but to increase the productive powers of the community.

CHAPTER VII

ORGANISATION

Production in our days is very highly organised. *From early simplicity we have come to a stage of complexity in our times.* In the old days, the same man owned the land, gave his labour and capital, and the wealth that was produced was regarded as a *single income* from land. *In our days,* we find, land is owned by somebody who lets it out to a farmer who engages outside labour and employs capital. The wealth produced is the result of *joint effort* and must, therefore, be regarded as *a joint income* to be *distributed* among the landlord, the labourer, the capitalist (*mahajan*), and the farmer who has organised production.

We have thus a large class to-day offering their labour ; another class offering capital and sometimes land and a separate class of men organising and managing business.

The Entrepreneur

When our business organisation becomes so complex, the need is felt "*for an intelligent guide* at the centre, *who shall supervise the whole field of production. He shall decide what will be produced, and in what quantities and he shall bring together the necessary agents of production in the making of the product.*"

He undertakes the *organisation* of business and also the *risks* which go with business undertakings. He is *thus 'the undertaker'*, the French equivalent of which is "*entrepreneur.*" The functions of the entrepreneur are so important that he may justifiably be regarded as a fourth factor in production.

The entrepreneur is variously described as the organiser, venturer, captain of industry and business manager.

Functions of the Entrepreneur

The modern *entrepreneur* has two functions:
(1) *organisation of business* and (2) *risk-taking.*

(1) *Organisation of business* may be divided into

(*i*) the organisation of administration and production.

and (*ii*) the organisation of distribution.

The functions of administration by the entrepreneur include not merely the functions of planning—decisions on the nature, quantity and quality of the things to be produced—but also the functions of executing the plan by hiring land, labour and capital (machines and raw materials) and getting them together for the purpose of production and selling them when they are produced.

The functions of distribution by the entrepreneur include the distribution of the shares of remuneration, rent, wages and interest to each of the factors of production. His own reward is what remains after these payments and that reward is known as profits of the entrepreneur.

(2) *risk-taking ;*

The entrepreneur plans the whole of the business and starts to work long before the product is marketed. Various unforeseen contingencies, (*e.g.*, break-down of expensive machinery, failure of supply of essential raw materials, a fall in demand due to change of fashion) may happen in the meantime leading to great losses. It is the function of the entrepreneur to undertake this risk of loss.

If, however, things come up to his expectations the entrepreneur is rewarded with the gains he calculated.

His importance in modern times

The *entrepreneur* has been called *'the captain of industry.'* —(Carlyle—Past and Present).

The success of a business or of an industry is determined largely by the organising power and by the steering ability of the *entrepreneur* who remains at the helm.

Industrial forces of one factory or of one industry are pitted against similar forces in rival factories and in rival industries.

Each *entrepreneur* has to marshal and command his forces in this industrial warfare. The captain who displays dash, energy, and skill in organisation and manœuvre wins the field.

The Entrepreneur and Production

Success in modern business depends, to a large extent, on *the entrepreneur* who is *the pivot on which the whole machinery of production turns.*

The phenomenal progress of the U. S. A. has been due to its highly capable business leaders. The vast natural resources of the country, its healthy and growing population and its steadily accumulating capital—all these have been harnessed together by the American *entrepreneurs* for promoting production.

In India, also, we have abundant gifts of nature, a large population and a vast amount of hoarded wealth awaiting utilisation. But the captains of industry here are few, our industrial progress has been slow. Notable Indian *entrepreneurs* have been the late Jamshedji Tata of the Tatas and the late Sir R. N. Mookerjee, Kt., K.C.I.E., K.C.V.O., of Martin's and Burn's.

What the entrepreneur should be

(1) The *entrepreneur* should have a knowledge of the market or the field which he is about to enter.

(2) He must have a broad knowledge of men and human affairs as he must have gifts of foresight, judgment and intelligent anticipation of the future. In a way, he must be a leader of men.

(3) He must have energy, enterprise, and organising ability of a high order.

Summary

From early simplicity we have come to a stage of complexity in our times. The need is, therefore, felt for an intelligent guide at the centre. It is he who has to organise production and to undertake the risks. So he is known as the undertaker (Fr. *entrepreneur*).

The functions of the entrepreneur are : (1) organisation and (2) risk-taking. 'The entrepreneur is the captain of industry.' He is the pivot on which the whole machinery of production would turn.

CHAPTER VIII

SOME PROBLEMS OF ORGANISATION

Industrial organisation is no longer simple but highly complex and has led to problems which we should do well to consider.

Some problems of industrial organisation are:

(I) The organisation of the factor Labour in production—Division of Labour.

(II) The organisation of the factor Capital—Machinery in Production.

(II) Geographical Division of Labour and Localisation of Industry.

(IV) The size in organisation: Large-scale vs. Small-scale production.

(V) The control of business—Types of business management.

I. Division of Labour

Productive efficiency has been largely dependent on *the division of labour (the organised co-operation of labour as a factor of production)*.

In primitive society, there is little or no division of labour. Each man has to meet all his wants—the same man is, therefore, hunter, fisherman, clothier, boat-maker and builder in one.

The greater the development of society, the more specialised will labour be. And *the greater the division of labour, the greater is the efficiency in production in general.* But specialisation implies interdependence.*

* An instance of specialisation and interdependence is to be found in the modern telephone. The American who specialises in the manufacture of telephones has to depend practically upon the whole world to make it. From many lands are gathered the nineteen materials needed by him to make the instrument. The Japanese prepares the silk for the cord, the Indian mines the mica and the Egyptian the cotton used

The Division of Labour, as it is called, is most striking in manufacturing industries.

Its character

"From the point of view of the individual the division of labour means specialisation ; from the point of view of the society it means co-operation. But specialisation by individuals is practicable only in society. More individuals can give their time because other individuals are directing their efforts to the provision of food and shelter."

Thus are tasks or professions divided.

This division has been carried further still. *Each task is now sub-divided.* The making of shoes is subdivided in the U. S. A. into as many as 120 different processes, each of which is done by a different person. A man in a shoe-factory, therefore, makes only 1/120th part of a shoe.

There is also specialisation inasmuch as a man sticks to his particular job of making a particular part of the shoe, *e.g.*, cutting of soles, stitching, fixing eyelets.

There is also *co-operation* because the 120 different workers must each co-operate with the rest who are all engaged in different processes, in order that the final product, the shoe, may emerge from the factory.

Forms of Division of Labour

According to Penson, the forms of division of labour are:

(1) *The division into industries, trades, and professions.*

This is to be found even in early societies, *e.g.*, some took to agriculture, some to hunting. The ancient organisation of Hindu society, *Varnashrama*, is another example. Men were originally divided into professional classes according to their special functions—priests (*Brahmins*), kings and warriors

for insulation, the Russian digs the platinum, the Alaskan the gold and the Pennsylvanian the grains of coal used in your telephone, the Brazilian gathers the rubber for the receiver and the Irishman raises flax for paper used in the condenser and from this assemblage of materials and with the co-operation of every corner of the world the specialised skill of the Chicago workman makes for you that marvel of our age—the telephone.

(*Kshatriyas*), merchants, bankers and other producers of wealth (*Vaishyas*), and the menial workers (*Sudras*).

(2) *The division into processes which are complete.*

With the advance of civilisation we find that one man rears the cattle, another tans the leather and a third makes the shoes.

Here each process is complete in itself.

(3) *The division into processes which are not complete.*

With further industrial progress and with the increasing introduction of machinery we find that *each process is further sub-divided.*

(4)The fourth form of division of labour is *the territorial division of labour.*

The Advantages of Division of Labour

(1) *There is a gain in skill or an increase in dexterity.* A man who makes nothing but nails all his life can make them better and quicker than a first-rate smith, who makes nails occasionally. *'Practice makes perfect'*—the man who works at one thing only, will generally do it better than the man who is *'a Jack of all trades, master of none'.*

(2) *There is a gain in adaptation.* Each worker, man, woman or child, is given the work for which he or she is fitted. The gain in adaptation is the greatest when the processes are reduced to the simplest because it is then possible to classify workers, according to their respective physical strength, their intelligence, their education as also their skill. The work which requires the use of brains would be given to the brainy fellow ; the work which requires strong, powerful arms would be given to a strong man and only light work would be given to the woman or to the child. Painters, poets, musicians, novelists, inventors and scientists would not be compelled most of their time to grow food, make clothes and build houses for themselves.

(3) *There is also the saving in time.*

If a man is to do a simple work and to remain at that work he requires little time to learn it. The period of learning is

thus shortened. The worker also saves much time because he sits at the same place and does the same work with the same tools and has not to move about for tools and instruments and for getting sundry other things which he must get if he has to do the entire work by himself.

(4) *There is a great economy of human labour.*

As the processes are simplified the work becomes automatic. It is possible to do the things by machines.

(5) It has thus led to the *increasing use of machinery.*

(a) The machine has greatly increased production.

(b) The introduction of machinery has greatly *diminished the physical strain involved in production.* Heavy loads weighing several tons are carried within the factory not on the shoulders of men but by cranes operated by power. The marvel is seen in large iron works where very heavy hammers which tire and baffle the muscles of the most powerful of men are being operated with ease by steam, hydraulic or electric force.

(c) The increasing use of machinery, by simplifying processes of work, has also *helped in demolishing the barriers of employment.* When the cotton industry is depressed the weaver in a cotton mill may take up jute weaving in a jute mill. Thus, when a man is unemployed in one particular occupation he can easily change over to another of a similar character. He can also learn a new one because learning is possible within a short time.

(6) Further, it has been claimed that *division of labour has led to greater inventiveness.* Inventions have often come from the daily observation of the process of one's work. Some of the most important inventions were made by ordinary workmen who had received no technical education. The boy-worker in trying to save his own daily labour by some clever contrivance has given the world more than one invention.

(7) There is another important and striking advantage from division of labour. Just as all people are not equally fitted for one and the same kind of work, so all parts of the world have not equal facilities for producing a thing. In some places things can be produced more easily and, therefore, at a cheaper cost than in others. If Britain were to grow grapes in

her steel yards and Spain to manufacture steel in her vineyards the world would have less grapes and less steel than it has to-day. This has led to specialisation of a kind known as *Territorial or Geographical Division of Labour.*

(8) Yet another advantage that has been derived from division of labour is that *it has maximised production and minimised human effort.* It has thereby helped the advance of modern civilisation.

(9) Lastly, the prices of commodities have become lower as a result of the division of labour. With the reduction of the prices of things it has become possible for most men to buy them. There has been in consequence an improvement in the standard of living and of comfort of the people.

Disadvantages of Division of Labour

If division of labour has so many advantages why should we not have more of it? Is there no limit to division of labour? To these questions we must now find an answer. There is obviously a limit, the limit is set by the increasing difficulties of division of labour. The difficulties bring disadvantages which counteract its advantages.

Division of labour is no unmixed good nor can the good be indefinitely increased.

In the first place, division of labour implies large-scale business. And the larger the business, the greater the difficulty of organisation and management of business. Besides this difficulty, there are also other disadvantages of division of labour set forth below.

(*a*) *Monotony of work.* There is something dull and monotonous in continually repeating some *one* operation such as fixing buttons in a shoe or passing coal into the boiler. A man may very justly complain if his whole life is spent on screwing a nut—may be nut No. 272.

(*b*) *Narrowing of the mind.* The shoe-maker of the old times who fashioned shoes all by himself, and after his own mind, had greater scope for the exercise of his mental facilities. These are narrowed if he is put to the making of a very small and a particular part as in a modern shoe-making factory, *e.g.*, buttoning the shoes.

(c) *Loss of general efficiency.* The narrowing of the mental faculties which division of labour involves naturally causes a loss of general efficiency. The worker in the shoe-making factory can think only of buttoning the shoes. He is not likely to be capable of doing anything else in his life. As such his general efficiency is lost although he gains in particular efficiency. Adam Smith sums up the whole thing when he says, "His dexterity at his own trade is acquired at the expense of intellectual, social and martial virtues."

(d) *The evils arising out of the factory system due to an extensive division of labour.*

Karl Marx condemns division of labour because it kills the individuality of the worker and because it is responsible for the factory system with which so many evils are associated.

The workman is reduced to a machine. He is dehumanised and brutalised. He becomes a crippled monstrosity. No scope is allowed for the development of his character and capacity. Extreme division of labour has also destroyed family life by the employment of women and children whose labour is cheaper to the employer than the labour of men.

The towns are over-crowded, and the villages are neglected. The worker, being reduced to a machine, feels no stir of life within.

He has no personal relations with his employer. Formerly, he worked directly under the master. Far removed from the master by a hierarchy of managers, foremen and supervisors, he is to-day apt to regard his work as mere drudgery.

Division of labour and society

Division of labour has done a great good to society by *maximising production with the minimum of human effort.* It has greatly advanced modern civilisation which rests primarily on an economic basis.

The division of labour has cheapened commodities by greater production. As things have become cheap, it is possible for most men to buy them. The standards of living and of comfort of the people in general have improved in consequence.

But the system has been greatly abused by the capitalist employers. They have degraded human labour by making men work under humiliating conditions of life on extremely low wages. They have let loose

disrupting forces into society by disrupting family life through the employment of cheap woman and child labour.

It ought always to be remembered that division of labour is a means to an end, *i.e.*, the production of greater wealth for increasing the welfare of men. This welfare is not the welfare of a particular class or section but the welfare of the entire community. If that welfare were constantly kept in sight by the employers the advantages of division of labour would indeed be great.

II. Machinery in Production

Our primitive ancestors worked with their hands. Later, necessity forced them to devise tools for a more comfortable existence. With the advance of knowledge and the development of the economic life of man the tool was gradually replaced by machine.

The machine has decided advantages over our eyes and muscles. It is much more reliable and efficient and is never inattentive or fatigued. In certain cases it has increased man's powers a millionfold.

Yet in spite of these advantages the machine has not completely driven out labour. The machine has to be invented, planned, made and worked. When out of order it has to be repaired or replaced. It may supplement and minimise labour, it may increase labour's productive powers a thousand times but it cannot totally replace human labour.

Machinery

Machinery is the outcome of division of labour, as division of labour itself is the outcome of an extended use of machinery. The processes of manufacturing have been split up into operations which are so simple that they can be performed by a machine.

Advantages and Evils of Machinery

The Effects of Machinery on the Working Class

(*i*) It has *relieved* man from *much physical strain* in his heavy, arduous tasks by enabling him to utilise the powers of wind, stream, water, electricity, levers, pulleys, etc.

(*ii*) It *has introduced much greater speed* in production ; for example, 15 *millions of pins* can be made in *a day by one man* in a modern pin factory.

(*iii*) *Delicate and accurate work* has been *made possible on a large scale* because of the use of machines, *e.g.*, in the making of watches, gauges, precision balances.

(*iv*) It *has elevated the quality of labour by its demand for character and intelligence.* The handling of machines is a responsible task which can be entrusted only to the sober and the intelligent.

(*v*) Since a machine can replace a number of men, *if machinery be introduced suddenly, it may lead to the unemployment of many.*

We must however, distinguish between the *immediate* and the *ultimate* effects.

The sudden replacement of cottage industries by machine industries has been followed in every country by widespread *suffering* and *distress.* Many persons are thrown out of employment and have to suffer in consequence. But as conditions become normal, the greater productiveness of industries leads to the getting of a larger amount of wealth which, if properly distributed, would lead to the well-being of all classes.

The workers employed in different industries are then paid better wages inasmuch as machinery improves their productive efficiency. With higher incomes than before, they spend more in purchasing various commodities and additional workers will have to be employed to meet their needs. Labour, which was displaced, when machinery was first introduced, will now have employment in other industries. Thus, the introduction of machinery may lead to unemployment *in the short period* though *in the long run* it creates new demand for labour and as such, gives employment to many more persons than before.

(*vi*) *'Machinery represents a great sin'.* Mahatma Gandhi in his infinite pity for the working classes condemns machinery as *it is responsible for the wage slavery that we see to-day in place of the slavery of the old times.*

(*vii*) Machinery has brought about *moral degradation, intellectual poverty and physical deterioration* in the lives of millions of factory workers of to-day.

Conclusion

Many of the *evils associated with* the use of *machinery are incidental* to it and *not essential to it.* Conditions at present

are appalling and almost desperate. But we need not despair. *With the growth of the social conscience, evils such as these are bound to disappear as many such evils have disappeared in the past.* It would not have been possible to increase production and minimise human labour and strain without the help of machinery.

III. Localisation of Trades and Industries—Territorial Division of Labour

When people in the same business live together in a group in one particular area the particular business or profession is said to be located in that area.

The book-trade in Calcutta is confined to the neighbourhood of College Square. Other examples are the cotton mill industry in Bengal and the iron and steel industry at Jamshedpur.

Causes which lead to the localisation of industries in particular areas

Localisation of industry is mostly determined by *economic causes* such as proximity to sources of power, markets and raw materials, supply of labour and capital, facilities of communication, etc.

It is also determined by *social and political causes* as in the case of the muslin industry in Dacca (the old capital of Bengal), the brass and cloth industries at Benares (the ancient place of pilgrimage).

Sometimes chance has played a large part in the establishment and localisation of industries as the mere advantage of an early start has often been a most helpful factor.

IV. Large-scale and Small-scale Production

Another striking feature of modern economic life is *large-scale production.** The minute division of labour and the

* *The size of the establishment has increased from a small workshop in a cottage to the great group of buildings and workshops occupying the area of a town or city as seen in the case of some of our larger industries,* e.g., iron and steel. *The worker no longer owns, nor works with his tools,* nor does he strain his eyes and muscles in an effort

growing use of machinery have made possible large-scale production which is generally more profitable than production on a small-scale. An instance of large-scale production is the big cotton mill and that of small-scale production is hand-loom weaving.

Advantages of large-scale production

The advantages of large-scale production can be summed up in the following phrase: *'production of more goods at less cost.'*

(*a*) Large-scale production benefits *the public* because they are able to *buy at a lower price.*

(*b*) It also benefits the workmen. *It minimises their labour and maximises their production.*

(*c*) It considerably benefits the producer. It enables him to *secure large economies in the cost of production.*

The relative advantages and disadvantages of large-scale and small-scale production

Large-scale production and small-scale production have each their corresponding advantages and disadvantages.

The advantages of the large-scale producer arise chiefly out of the economies which he secures.

(*i*) *Economy in purchase.* The man who buys in bulk buys it cheaper than the man who buys in small quantities.

to produce at best a few dozen pins in a day. *He takes his stand beside a costly machine owned by others in a factory* and turns out millions of pins a day. *His hours of labour, his wages and his conditions of labour are all under the control of his employer* who is the all-powerful figure to-day subject only to the checks of law and the threats of the labour union.

The worker has become a part of the great mechanism of large-scale production. His work must still be done very carefully to ensure smooth and efficient production. To-day he is merely one of the many who combine and co-operate to give us what we want. *This change in the method and organisation of industrial production* is so revolutionary that the change itself *is known as the Industrial Revolution.*

(ii) *Economy in the use of machinery*: The large-scale producer uses his tools and machines many times more than the small-scale producer.

(iii) *Economy from division of labour.* The large-scale producer can get the best out of each man he employs because each man is put to the work he is best fitted for. On the other hand, the intelligent worker of the small-scale producer often wastes his talent in doing work which requires little or no intelligence.

(iv) The large-scale producer can spend money on *research and experiment* which would secure for him greater advantages through *improved methods of production.* This the small-scale producer with his small amount of capital cannot afford to do.

(v) *Economy in the use of by-products. By-products* which would not be utilised in a small producer's place are turned to profitable use by the large-scale producer.

(vi) The large-scale producer also secures *economies of marketing.* He can market his commodities quicker and better than his small rival.

The small-scale producer

The advantages of the small-scale producer arise chiefly out of a more direct supervision by the master. He has the economy of the master's eyes.

The small-scale producer is being gradually ousted by the large-scale producer. He can hold his own in industries where variety, specialised skill or art of the craftsman or individual attention to customers are insisted upon.

(i) The *small-scale producer supervises much of the details of business* and thereby dispenses with many complications and prevents idleness in his employees.

(ii) The *small-scale producer can attend to the individual requirements of customers.* Hence, he is in a more

advantageous position than his large-scale rival in industries like *tailoring*, *hair-dressing*, etc., where success depends on the amount of personal attention that is given.

(*iii*) The *small-scale producer has also advantages in industries where art and variety play a great part.*

For instance, in shawl-making and in jewellery the small producer still holds the field because in these industries there is still the demand for his individual skill and artistic sense.

Large-scale production is not only mass production but also production of 'standardised' goods of the same pattern. Where variety is insisted upon and where the demand is small the small-scale producer is at an advantage.

V. The types of business management

There are many types of business management, all of which may be seen side by side.

(1) *The single entrepreneur system.*

The traditional type is *the single entrepreneur system* in which the control, direction and ownership of the business are vested in a single individual. It has the merits of simplicity, consistency and flexibility. Guided by self-interest the owner will manage the enterprise as efficiently as possible inasmuch as he will have to share with none the resulting profits. But, the large scale operations of the present day have made this type unsuitable to modern conditions since it is hardly possible for a single individual to provide the large volume of capital necessary for such operations. Even when he is in a position to supply the capital he may be unwilling to do so on account of the risks inherent in modern business carried on a large scale for distant and uncertain markets.

(2) *The partnership system.*

The partnership system in which a few persons, intimately known to one another, assume the ownership and management of an undertaking is certainly an improvement on the single entrepreneur type. Here the risks as well as the responsibilities

are shared by the several partners. But the system has proved unpopular in recent times on account of its association with unlimited liability. If the enterprise fails, each of the partners is fully liable for its debts.

(3) *The joint-stock company**

To remove all these difficulties the *joint-stock company* has been devised which is pre-eminently *the modern type* of business management. A joint-stock company is described as *a business corporation* in the U. S. A. It is an association of individuals, called *the shareholders* or *stock-holders,* who combine for the purpose of conducting a business and jointly supply the required capital. Here the entrepreneurship is divided. The shareholders have the ownership and the ultimate control. They bear the risks. The immediate control and management, however, is vested in a small body of persons—(who constitute *the Board of Directors*), elected by the shareholders and in salaried managers and superintendents.

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* **Joint-Stock Company—how it raises its capital**

The capital of a Joint-Stock Company is provided by the shareholders.

The shareholders receive a payment of the net product in proportion to the amount of capital contributed by them. The shareholders, it must be noted, do not take the same measure of risk. There are, in fact, three classes of financiers taking different kinds of risk. These are :

(1) The Debenture holders

The debenture holders do not take much risk and so their remuneration is small being a small fixed rate of interest which shall have to be paid irrespective of gains or losses.

(2) The Preference Shareholders

The preference shareholders take some measure of risk because they cannot expect any dividend if there be losses. Hence their reward is greater than that given to debenture holders. The former shareholders are so called because they are preferred to ordinary shareholders.

(3) The Ordinary Shareholders

The ordinary shareholders bear the largest part of the risk. They have, in a sense, undertaken to pay a certain rate of interest to the debenture holders, and a certain higher rate to the preference shareholders, but their own rate of remuneration remains indeterminate. What they earn is the real profit of the concern which, by its nature, is unstable and ever fluctuating.

A great advantage of the joint-stock company is that *the shares are transferable ;* nobody, therefore, is committed to the bitter end. Its distinguishing mark is *its limited liability.* A shareholder's liability for the debts of the company is limited to the value of the shares he agrees to purchase. After he has paid it in full he is not liable for a penny more. His other property (*e.g.,* his house or furniture or valuables) cannot be attached by the creditors of the company.

The joint-stock company with *its limited liability* and *transferability of shares* is suitable for large-scale operations. A large-scale firm requires a large amount of capital which can be easily raised under the joint-stock system. It diminishes the risks of the shareholders and thus promotes saving and investment. It also permits the undertaking of risky and experimental enterprises and enjoys stability and flexibility of management.

The system, however, has its disadvantages. It opens up opportunities for fraudulent and dishonest undertakings. Risks being diminished, sometimes unnecessarily rash enterprises are started. Responsibility being divided between the shareholders, the directors and the salaried staff is likely to be weakened. There is also room for mismanagement and control by the unscrupulous.

The defects notwithstanding the joint-stock system is indispensable for conducting business in modern times.

(4) *Industrial combinations.*

Instances of these are monopolies, trusts and kartels. Sometimes a number of firms engaged in the production of the same commodity may be combined under a single management. The Standard Oil Company of New York is a *combination* of this type. Successive stages of production, beginning from the collection of the raw-materials down to the distribution of finished products, may also be brought under unified control. The Tata Iron and Steel Company is an illustration of this form of *vertical combination.*

(5) *Co-operative management.*

It is a form of industrial organisation *which seeks to eliminate the capitalist.* The workers or consumers themselves supply the capital and carry on the management. It is based on *the principle of mutual help.*

(6) *Public management—state or municipal management* on behalf of the people as in the case of posts, telegraphs, water-supply and other public utility services.

In this case the entire community owns the business and undertakes all risks. The management is entrusted to salaried officials.

THE LAWS OF RETURNS

Marshall is of opinion that *"the part which Nature plays in production conforms to the Law of Diminishing Return ; the part which man plays conforms to the Law of Increasing Return."* The Law of Diminishing Returns applies *to agricultural and mining operations where Nature has the greater share* in production. The Law of Increasing Returns, on the other hand, applies to *manufacture in which man plays the more important part.*

The Law of Increasing Returns

"An increase of capital and labour leads generally to an improved organisation which increases the efficiency of the work of capital and labour."

A man who has invested Rs. 10,000 in a manufacturing industry gets a return of Rs. 1,000 a year.

He invests *another* sum of Rs. 10,000. He gets a total return of Rs. 3,000. He secures, in this case, an *additional* return of Rs. 2,000 for the *additional* investment of Rs. 10,000.

Originally, he was getting a return of *10 per cent.* (*Rs. 1,000 on Rs. 10,000*). Later, we find he is getting a return of *20 per cent.* (*Rs. 2,200 on Rs. 10,000*). This tendency of return to increase is known as *the Law of Increasing Returns.* This law is generally in operation in manufacturing industries.

The Law of Constant Returns

The Law of Constant Returns is that an increase of capital and labour in production leads to a proportionate increase in

return. A is getting a return of Rs. 1,000 on Rs. 10,000 invested by him. The rate of return is 10 p.c. A invests another sum of Rs. 10,000 and secures an additional return of Rs. 1,000. This additional investment of capital has led to a return of 10 p.c. The return is *constant* in this case.

The Law of Diminishing Returns

The law has been discussed already in the chapter on Land (Production), see p. 18.

Summary

(a) *Division of labour. Advantages* : (*i*) gain in skill, (*ii*) gain in adaptation, (*iii*) saving in time, (*iv*) economy of labour, (*v*) diminution of physical strain, and (*vi*) invention of machinery.

Disadvantages : (*i*) monotony of work, (*ii*) narrowing of the mind, (*iii*) loss of general efficiency, (*iv*) evils due to the factory system.

(*b*) *Machinery in production.*

(b) *Machinery. Advantages* : (*i*) diminution of physical strain, (*ii*) greater output, (*iii*) improvement of the quality of labour.

Disadvantages : (*i*) unemployment, (*ii*) wage-slavery and (*iii*) moral and physical loss.

(*c*) *Localisation of industry* : Industries are localised because of (*i*) proximity to markets and raw materials, (*ii*) supply of labour and capital, (*iii*) facilities of communications, *e.g.*, the jute mill industry in Bengal.

(*d*) *Large-scale and small-scale production.*

Advantages of large-scale production : (1) economy in purchase, (2) economy in the use of machinery, (3) economy from division of labour, (4) economy in the use of by-products, (5) economy in marketing.

Disadvantages of large-scale production : (1) laxity of supervision, (2) the absence of the personal element necessary in certain trades such as tailoring.

Advantages of small-scale production : (1) better supervision, the economy of the master's eye; (2) individual attention to customers; (3) also where there is a small demand and variety is insisted upon, the small-scale producer is at an advantage.

(*e*) *Types of business management.*

(*i*) the single entrepreneur system, (*ii*) the partnership system, (*iii*) the joint-stock company, (*iv*) industrial combination, (*v*) co-operative management and (*vi*) public management.

(*f*) *The Laws of Returns* : (*i*) proportional returns, *i.e.*, the law of constant returns; (*ii*) non-proportional returns, *i.e.*, the law of increasing returns, the law of diminishing returns.

CHAPTER IX

VALUE AND EXCHANGE

Introduction

To-day if a man wants to buy anything he fills his purse with money and goes to the bazar. He pays the value in money and brings home the things he wants. The whole thing seems so simple and easy. But it was not so in the early stages of economic society, when we did not know the use of money. There was then no standard of value and no medium of exchange. In consequence there could be little buying and selling. Our purpose in this chapter is to examine the development of the facilities of buying and selling as we see them to-day.

EXCHANGE

A has got a *hilsa* fish and B a quantity (say, a seer) of sugar. A wants sugar while B, a fish.

The goods would be exchanged between A and B,—

(*i*) *because each of them has the desire to possess what the other man has ;*

(*ii*) *because each of them is willing to sacrifice his own thing for that of the other ;* and

(*iii*) *because the sacrifice is actually made (since each believes that the other man's article has a greater utility or will bring greater satisfaction to him).*

At the end, both A and B are satisfied and each thinks himself a gainer.

In barter, as in modern buying and selling, we find people reasoning in the above manner before exchanging their goods.

Exchange

There are *two forms of exchange, viz.,* (a) *barter,* (b) *buying and selling.*

A. Barter

In the early stage we had exchange by barter. Barter means *direct exchange of goods for goods.* Jevons quotes an example of barter recorded by Mademoiselle Zelie, the famous French singer. She sang in the Society Islands five songs for which she received three pigs, twenty-three turkeys, forty-four chickens, five thousand cocoanuts and also large quantities of banana, lemon and orange.

The barter-system of exchange was full of inconveniences. The real inconvenience of barter is to be found in *the necessity of a double coincidence of wants* before there can be any exchange. About the inconveniences of barter we have the old story of *the hungry hatter and the bootless butcher.*

The hungry hatter was unable in the days of barter to get meat because the butcher wanted boots and not hats. So the hatter had to go hungry and the butcher bootless.

The inconveniences of barter

(i) *Want of coincidence in barter.*—In the barter-stage the hungry hatter must find out the butcher, who is in need of hats and not the butcher who is in need of boots, while the bootless butcher must find out the hungry man who makes boots and not the hungry man who makes hats.

(ii) *Want of measure of value.*—Where there is no money, no common medium of exchange, it is difficult to measure values—at what rate one commodity is to be exchanged for another.

(iii) *Want of means of sub-division.*—This is another serious inconvenience. In the barter-stage a man cannot often exchange goods because of this difficulty. For example, a man who has an ass wants a hat. Now the value of the ass is ten times the value of a hat. Surely, the man who has got a hat will not exchange his hat for one-tenth part of the ass. The man with the ass to exchange must, therefore, go without a hat for want of means of sub-division.

(iv) *Want of a store of value.*—The value of perishable goods is often destroyed in the stage of barter. The hunter

who wants a straw-thatch for his hut may not meet someone who has got it to spare for the hunter's disposable surplus of the meat of deer. The meat, which cannot be preserved, is thus lost.

B. Buying and Selling

On account of these inconveniences men gave up the barter-system of exchanging things. Buying and selling things for a value became much more general and this method has, on account of its superior advantages, generally superseded barter in every country. To-day we find things are being bought and sold for a money value.

Markets

In common parlance, the place where people assemble for buying and selling is known as *a market.* We are all familiar with the village "hats" (local markets) with their feverish activity, crowded with buyers and sellers. But *an economic market* is somewhat different from the market as we understand it in ordinary language. The word 'market' in Economics *does not refer to a definite spot or place* but *to a number of buyers and sellers of a commodity competing with one another for the purpose of exchange.*

"Economically interpreted, *the term 'market' refers, not necessarily to a place, but always to a commodity, or commodities, and buyers and sellers of the same who are in direct competition with one another.* So we may speak of the tea market, the iron market and so on, without meaning any particular place. There are world markets, as well as local markets. There is a world market for tea, since people all over the world are competing with one another in the purchase of tea. There are also markets for tea in London, Berlin, and many other places."—Chapman.

Conditions for Wide Markets

There is a general tendency in the modern world for a widening up of the area of a market. Formerly markets had been narrow and local; but improvements in the facilities for transport and communications in modern times have annihilated time and space and it is now easy for persons living in distant parts of the globe to compete with one another.

All commodities do not have a wide market. There are certain factors which enlarge or narrow the limits of a market.

(i) *Wide demand*—A commodity having a very wide demand will have necessarily a wide market.

(ii) *Cognoscibility*—Things which can be easily known from a distance through samples, etc., will have a large market because orders can be placed by persons living at a distance even though they do not inspect the stock of goods supplied before these reach the buyers. Grain and cotton are suitable for grading and sampling and therefore have a large market.

(iii) *Portability*—Commodities which have a high value in small bulk enjoy wide markets. Gold and silver and other precious metals are portable and thus have a world market; but bricks on account of their small value have limited markets.

(iv) *Durability*—Durable commodities with high value will have a wide market. Things which are perishable, *e.g.*, fish, fruits, vegetables, etc., are sold generally in local markets, though the widespread adoption of the cold storage system is tending to widen their markets.

Summary

In old times people used to exchange goods for goods. That was the barter-system. The barter-system was full of inconveniences, so people gave it up and took to buying and selling. Things are now bought and sold for a money value.

An economic market is a group of buyers and sellers competing with one another for the sale and purchase of a commodity. The conditions of a wide market are (*a*) wide demand, (*b*) cognoscibility, (*c*) portability and (*d*) durability.

CHAPTER X

THE THEORY OF VALUE

The word *value* is somewhat ambiguous and the use to which it has been put has been widely different. We speak of the value of education, the value of government, the value of morals and the value of a building. All these uses are different but all have one thing in common—*the sense of usefulness or utility.*

Generally, the word value has two different meanings. Sometimes it expresses (i) *the utility of an object* and sometimes (ii) *the purchasing power of that object.* The first is *'value in use'* and the second is *'value in exchange'.*

"The things which have the greatest value in use have frequently little or no value in exchange ; and, on the contrary, those which have the greatest value in exchange have frequently little or no value in use."—(Adam Smith).

Nothing is more useful than *air and water.* But scarcely anything can be had in exchange for them. *They have little purchasing power (little value in exchange) although they have great value in use.*

Gold and diamond, on the other hand, *have scarcely any value in use, but they have high value in exchange.*

The *use-value* must, therefore, be distinguished, at the outset, from the *exchange-value* which is the value proper of the economist.

Value

Value in Economics is *'power in exchange'.* The value of a thing is its general purchasing power—or its power to purchase other things in exchange. *Value is* thus *'the expression of the worth of one thing in terms of other things'.*

In our everyday life, we find the value of almost all things expressed in terms of money. *The expression of value in terms*

of money is called PRICE*. When the value of a building is expressed at Rs. 20,000—we call that its price.

Now we proceed to a discussion of value or price. Can you explain why you have paid Rs. 6/- for your pair of shoes this year? How was that price fixed? In some years you have paid a lower price, but this year you have paid a higher price for exactly the same quality of shoes. Perhaps you cannot explain why it goes up and why it comes down. If

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*** Prices and the Price-level**

The *price-level* is the *average of the prices of the articles in most general use at any particular time.* It refers to the general range of prices and must be distinguished sharply from any particular price. Any *particular price may rise or fall, but the general price-level may* none *the less remain stable. On the other hand, the general price-level may change, but the price of any particular commodity may not change.*

The price-level is not determined in any mechanical way. It depends upon a multiplicity of forces operating in various directions. There is the interaction of demand and supply with regard to each of the commodities, but such interaction takes place in a very complex manner. There is as such no mechanical adjustment of the price-level.

Measuring the price-level

The general price-level is measured by the compilation of the *Index Number.* An index number is constructed in the following manner:— A list is drawn up of the commodities which are in very general use. A year is selected as the standard year and the prices of commodities in other years are compared with the prices of the same commodities in the standard year. The price of the standard year is represented by the figure 100 and the price of the year to be compared is expressed as percentage of it. The percentages for all the commodities are then added up and divided by the number of commodities, *the quotient being the index number for the particular date.*

To give a simple hypothetical instance (the year 1890 is selected as the standard year and the commodities in general use are enumerated below with their respective prices).

	1890		1900		1910	
	Price Rs. As.	Index No.	Price Rs. As.	Index No.	Price Rs. As.	Index No.
Rice *per bushel* ...	3 0	*100*	2 0	*66⅔*	2 8	*83⅓*
Wheat *per bushel* ...	2 0	*100*	2 8	*125*	2 12	*137½*
Steel *per ton* ...	60 0	*100*	50 0	*83⅓*	40 0	*66⅔*
Sugar *per pound* ...	0 8	*100*	0 12	*150*	0 10	*125*
Coal *per ton* ...	8 0	*100*	7 0	*87½*	8 8	*106¼*
Tea *per pound* ...	1 0	*100*	1 0	*125*	1 2	*112½*
Average	600÷6=**100**		637½÷6=**106¼**		631¼÷6=**105⅝**	

you follow carefully what is stated below, you would be able to explain it easily to yourself.

How value is determined

In every transaction there are *two parties*—the *buyer* and the *seller*.

The buyer's side is spoken of as that of *'demand'*, and the seller's side is known as that of *"supply"*.

On the side of demand we notice that—

(*i*) *the buyer has a maximum demand price above which he will not pay,* and that

(*ii*) *the buyer's interest lies in securing the thing at the lowest price.*

On the supply side we notice that—

(*i*) *the seller has a minimum supply price below which he will not sell,* and that

(*ii*) *the seller's interest lies in getting as much above the minimum price as he can manage to get.*

The buyer tries to buy cheap as the seller tries to sell dear. The forces of 'demand' (buying side) and 'supply' (selling side) are thus acting constantly one upon another. *This interaction of the forces of* 'DEMAND' *and* 'SUPPLY' *determines the price (or the money-value) of a thing.*

Demand

The demand for a commodity is the quantity that would be bought at a given price.

Demand must be distinguished from mere desire. Demand in Economics means *effective demand* which, according to Penson, implies three things:—

(1) *desire to possess a thing,*

(2) *existence of means of purchasing it and*

(3) *willingness to use those means for purchasing it.*

The poor man has the desire for a motor car but not the means. The miser has the desire and also means, but is unwilling to part with his money.

In either case, there is no effective demand.

It should be noted that there is *no demand apart from price.* The demand depends very much on price. In general, demand increases with a fall in price as it diminishes with a rise in price.

For instance, when mangoes are cheap they are in great demand ; when mangoes are dear they are much less in demand.

Elasticity of Demand

When there is a great change in demand for a particular commodity due to a small change in its price, its demand is said to be *elastic.*

The demand for luxuries and comforts, in general, is elastic. For instance, with a small change in the price of admission to the cinema there is a perceptible change in the number of cinema-goers Their number will rise if prices are lowered and their number will fall if prices are raised.

The demand for watches and furniture, which are regarded as luxuries and comforts in India, is elastic.

Though, in *general,* demand changes with price, it may not change *always.* For example, with regard to necessaries of life there is little or no change in demand in spite of appreciable changes in price. Where demand changes but little as a result of changes in price it is inelastic.

The demand for necessaries of life such as rice, wheat and salt is inelastic.

(Rice is ordinarily sold at Rs. 5 per md. When the price of rice comes down to Rs. 3 per md., one who consumes half a md. of rice every month does not begin to consume proportionately more rice because of the fall in prices. Nor when the price rises to Rs. 7 does one starve oneself because of the rise in price).

Supply

The *supply* of a commodity is the quantity that would be sold at a given price.

Supply is to be distinguished from *stock.* Stock is the quantity that could be sold immediately. Supply is the quantity that could be sold at a given price.

There are 5,000 mangoes in a market which constitute the stock. The seller's minimum or the minimum supply price is Rs. 3 per hundred.

If in such a case the buyers will not pay more than Rs. 2-8-0 there is no *supply* of mangoes although there is a *stock* of 5,000 in the market.

There is, thus, no such thing as supply without price. In general, the higher the price, the higher the profit inducing a larger supply from sellers more willing to sell. There is an increase of supply. *The lower the price, the smaller the profit* inducing a contraction of the supply, *sellers being less inclined to sell.* There is a decrease in supply.

What is price

Value expressed in terms of money is Price.

How price is determined

Other things being equal, an increase of demand forces price up as an increase of supply forces it down.

If, at a given price, the demand is greater than the supply, the price is forced up by the eagerness of the many to buy from the limited supply. The higher price paid by buyers brings higher profits which induce more sellers and additional supplies into the field. As the supply increases beyond the demand, the sellers become eager to sell and they sell at a lower price, since the higher price discourages buying.

The lower price now induces many to buy. But the lower price also makes few willing to sell. There is again the tendency of demand outstripping supply which would raise prices.

The essence of the whole process is that the price-changes set in motion the forces of competition among buyers and sellers.*

*** Competition**

'There is said to be competition when (a) would-be buyers bid against one another, or when (b) would-be sellers bid against one another.'—Chapman.

'Competition may be one-sided or two-sided. As one-sided, it is competition between buyers *or* competition between sellers. As two-sided it is both together.'

Where we have markets properly organised, they serve to promote competition.

'Under competition one price only can be charged, in the same place, for the same commodity, at the same time.'—Chapman.

Demand and supply equate through such price changes. When demand is adjusted to supply we have an equation. At this point, the price is called the *equilibrium price.*

Demand for cameras.	Price per camera.	Supply of cameras.
100	Rs. 50	500
200	Rs. 40	400
[300	——Rs. 30——	300]
400	Rs. 20	200
500	Rs. 15	100

At the price of Rs. 50, 500 cameras are offered but only 100 are bought. The price has to be brought down if there is to be more buying. At a lower price, Rs. 40, there is more buying (200 in place of 100) but less supply (400 in place of 500).

At a still lower price, Rs. 30, buying increases (300 in place of 200) but supply decreases (300 in place of 400). *Here the supply is equal to the demand.*

At Rs. 20, the demand is for 400 cameras whereas the supply is of 200 only. The demand is in excess of the supply. This will lead to a rise in prices.

The price rises till it reaches Rs. 30 where there is an equilibrium. Market prices* fluctuate round about this mean price or equilibrium price.

It is not the upper blade nor the lower blade alone of a pair of scissors that cuts a piece of cloth, so neither demand alone

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Advantages: Competition promotes *activity, alertness and efficiency among producers* and *protects consumers* from unreasonably high prices.

Disadvantages: Excessive competition means *waste of effort* and the zeal for excess may ultimately lead to *dishonesty and corruption in business.*

* Market price is very unsteady—as unsteady as the pendulum of a clock. Like the pendulum which always moves to and fro but which all the times tries to reach the central position so also *does price fluctuate, rising and falling, tending to reach the equilibrium.* As the forces behind the *movement of the pendulum* are those of *initial impulse* and of *gravitation* so the forces *behind the swinging price movement are the twin forces of demand and supply.* Both the pendulum and the market price are trying to reach the mean or equilibrium position but cannot stay at it.

nor supply alone governs price. As the two blades operate together, so demand and supply do act and react upon each other by changes in price until an equilibrium is reached when the normal price (or value in terms of money) is settled.

Value under monopoly

All this is true on the assumption that there is competition between a number of rival sellers. It may, however, so happen that the whole of the supply is under the control of a single individual or a firm. We, then, have a case of *monopoly*. The monopolist has no control over demand. He can, however, control the output. He will fix the output at such a point as will yield him the maximum profit. "The *prima facie* interest of the owner of a monopoly is clearly to adjust the supply to the demand . . . . in such a way as to afford him the greatest possible net revenue."—(Marshall).

It is commonly believed that the monopolist makes large profits by selling his supply at a high price. *But the monopoly price is not necessarily a high one.* The monopolist wants to maximise his total profits. This he can do *in certain cases by selling a limited supply at a high price* ;—higher than the rate which will prevail under conditions of competition. *In other cases,* he may secure his maximum gain *by selling a large supply at a moderate price.* The gain per unit may be small ; but the total profits become large on account of large sales. *Elasticity of demand* and *conditions of production* influence the determination of the monopoly price. Assuming the cost to be constant, the monopolist will realize his maximum net revenue by selling his output at *a low price* if the demand be *elastic ;* on the other hand, he will usually charge *a high price,* when the demand is *inelastic.* Again, if an article is produced *under conditions of increasing return* the monopoly price is likely to be *low ;* whereas *under conditions of diminishing return* it is likely to be *high.*

The monopolist may not always charge *a uniform price* to all customers ; but *he may charge discriminating prices* to

different buyers. Such discriminations, however, are not very common since the favoured customers may undersell the monopolist, others making their purchases through them. Also, such differential treatment is likely to arouse public hostility which may compel the monopolist to put a stop to his policy of discrimination.

Sometimes, a monopolist may charge *high prices at home and lower prices abroad* in order to capture a foreign market. This is known as *'dumping'* and has sometimes been resorted to by Japan in India.

Summary

Value is power in exchange.

Value expressed in terms of money is called *price*.

Demand is the quantity that would be bought at a given price. There can, therefore, be no demand apart from price.

Supply is the quantity that would be sold at a given price. Similarly, therefore, there is no supply apart from price.

Broadly speaking, *value is determined by the interaction of the twin forces of demand and supply.*

Under conditions of monopoly, the price and output are fixed at that point which will yield the monopolist *the maximum net revenue.*

CHAPTER XI

MONEY

Adam Smith says on the origin and use of Money, "the butcher has more meat in his shop than he himself can consume and the brewer and the baker would, each of them, be willing to purchase a part of it. But they have nothing to offer in exchange, except the different productions of their respective trades, and the butcher is already provided with all the bread and beer which he has immediate occasion for. *No exchange can, in this case, be made between them.* He cannot be their merchant, nor they his customers, and they are all of them thus mutually less serviceable to one another." (The Wealth of Nations).

How money came into use

To avoid the inconveniences arising out of barter men tried to find out something which all people would accept, without hesitation, in exchange for the produce of their toil.

Many were the commodities thought of and employed as a common medium of exchange.

In primitive communities the political life was not so organised as it is now and there was no 'state' money or state-regulated money.

The old forms of money

The medium of exchange was selected by custom and must have been a commodity of general utility or in general demand. And as such it acquired that essential quality of money—*acceptability.*

Cattle were so used because of their general utility. Things were valued according to the number of cattle given in exchange.

"The armour of Diomede", says Homer, "cost only nine oxen ; but that of Glaucus cost a hundred oxen". In a similar

way, salt came to be used among some aboriginal tribes as the medium of exchange. Tobacco in Virginia and the cod-fish in Newfoundland are other instances. In India, the *cowrie* has, for long, been a medium of exchange. Corn, rice, hides, knives, shell and beads have also been used as money in different communities.

Such articles as these were so generally wanted that the seller knew that other people would accept these from him whenever he himself went out to buy.

Most of the early forms of money had *acceptability* but they were diverse in quality and unable to stand wear and tear. A large payment in kine (say, 2,000 heads of cattle) would raise difficulties in ascertaining the quality (one may be better than the other) and in handling. Want of durability (the short life of the cattle) was another great disadvantage.

Therefore, Professor Marshall has said: "for immediate (*current*) business, money needs only be *a clearly defined, easily handled, and generally acceptable medium of exchange*". (Money, Credit and Commerce).

Gold and Silver as money

Men, however, soon came to give preference to *metal* above every other commodity for employment as their common medium of exchange.

The precious metals, gold and silver, have been chosen as the money medium because of the *superiority* they enjoy over the baser metals, iron and copper, and over all other commodities in respect of the following qualities:—

The qualities of money

(1) *Acceptability*—

This is the first quality. Money must be accepted without hesitation by the people in their everyday transactions. This implies that the people must have unquestioned faith in the money of their country. Without acceptability money cannot do its work at all—it ceases to be money.

(2) *Stability*—

This is the second quality. The buying power of money must remain fairly constant and must not change from day to day or from year to year. Without this stability, money cannot do its work well.

(3) *Durability*—

Gold and silver are more durable than iron and, of course, much more durable than animals and agricultural produce, *e.g.*, cow, corn, etc., which will perish soon.

(4) *Portability*—

Money should be such as can be easily handled. For this, *it should have large value in small bulk.* Gold and silver possess this quality in greater degree than other things. A large payment of money in the form of iron or in the form of rice or cattle is difficult to handle.

(5) *Divisibility and Homogeneity*—

The money medium must be divisible so that small payments can be made with it. The *units* must all be of the same quality or homogeneous so that there may not be any loss of value because of division and sub-division. Diamond is valuable and desirable in many respects but it is not divisible nor homogeneous.

(6) *Cognisability*—

Money should be of a material which can be quickly and easily recognised. Gold and silver possess the quality in an eminent degree.

(7) *Malleability*—

Money should also be fusible and malleable, so that it can be easily melted down and then coined into the required size and shape to make division and identification easy.

Functions of money

Money is not desired for its own sake and is not important in itself. Its importance lies in what it can purchase, *viz.*, commodities and services. Men cannot enjoy money but the commodities or services that money can buy or command.

Money is what money does.

The functions of money have been stated in a well-known couplet:

"Money is a matter of functions four,
A medium, a measure, a standard, a store."

Essential Functions

(1) *Money is the medium of exchange.*

Through it, the produce of one man's toil is exchanged for the produce of the toil of another.

(2) *Money is also the measure of values.*

The *values* of commodities and services are *measured in terms of money, e.g.,* the value of a house or of a motor car is measured by a sum of money.

Derived Functions

(1) *Money stores value.*

When there is a surplus produce of grain, it may be sold away and the gold or silver money obtained from the sale may be stored up. In the absence of money economy, the grains would have perished and the value lost.

(2) *As a storer of value, money also transfers value.*

Grain that is surplus and not wanted in India may have great value in Britain. Also, what is surplus and not wanted this year may be welcomed in a famine year when it will be of great value.

This value can be transferred by *a sale of the surplus for a sum of money which effectively stores the value.* The *value can then be transferred from one place to another or from one period to another.* In the first case, it is *a place-transfer,* in the other, it is a *time-transfer.*

(3) *Money as a standard of deferred payments.*

In credit transactions the lender has to wait for some time for repayment. It is desirable that the borrower should return to the lender the same *value* which he took. In these postponed payments, money serves as the standard.

Contingent functions

Besides the essential and the derived functions, money has also certain *contingent functions.* These are

(1) *to distribute the social income,*

(2) *to furnish the basis of credit.*

(3) *to give a general form to capital.*

Definition of money

Money* is *anything that passes freely from hand to hand as a medium of exchange and is generally received in final discharge of debts.* (Ely and Wicker).

Money or the Currency in a particular country is *the different media of exchange,* current in that country, having the power to satisfy the claims of creditors.

Legal Tender money

Money which can be tendered, under the law, by a debtor to his creditor in satisfaction of the debt, is legal tender money or currency.† The law compels the *mahajan* (the creditor) to accept this money in repayment of his loan.

Standard coins, *e.g.,* the gold sovereign in Britain, *are unlimited legal tender*—they can be tendered up to any amount.

Token coins are usually *limited legal tender, e.g.,* the shilling is legal tender up to £2. The British creditor may refuse to accept more than £2 in silver coins (shillings).

An exception to this is the Indian rupee and the half-rupee which are unlimited legal tender although they are token coins. The four-anna, two-anna, anna pieces and coppers are legal

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* *Money is "anything which is widely accepted in payment for goods or in discharge of other kinds of business obligation."*

† 'The media of exchange in a country consist of two kinds of money, state money or legal money, and bank money or credit'. Bank money (e.g., deposits withdrawable by cheques) is not legal tender and therefore not currency.

tender up to a total of one rupee—they are thus limited legal tender.

Different kinds of money

- Money
  - Coins
    - Standard
    - Token
  - Paper Money
    - Convertible
    - Inconvertible

1. Coins

Coins are pieces of metal, uniform in shape, weight and quality, stamped and certified as such by the mint of issue.

Standard money

The full legal tender coin, the face value of which is equal to its intrinsic value as metal, is called *standard money* or *commodity money*.

A standard coin is thus one whose coin value corresponds to its metallic value.

The gold sovereign was the standard coin in Great Britain —its value depended on its gold content.

The values of all other kinds of money are adjusted to its value which serves as the money standard. Hence the sovereign is known as standard money.

Token or Fiat or subsidiary money

Token money consists of all these forms of state money whose face value is greater than their intrinsic value. The coin value of a token coin is greater than the value of the metal in it.

A shilling, for instance, is a token for 1/20th of a pound according to the British law of money standard but the silver in it is worth much less.

Likewise, the Indian rupee is a token for sixteen annas under the Indian law of money standard. But the silver in it

is worth near about eight annas. Token money is money because of the *fiat* or *order* of the government asking the people to accept them at their face value although they are not worth as much.

2. Paper Money

In the past coins alone circulated as medium of exchange. In all modern communities, however, they have largely been displaced by paper notes issued by Government or by semi-government institutions, such as Central Banks. In England paper money is issued by the Bank of England which is not a government institution. In India, before the establishment of the Reserve Bank, all paper money was issued by the Government. Indian paper money is now issued by the Reserve Bank of India under government guarantee and control.

Paper money is also to be regarded as token or fiat money, as it has no intrinsic value.

Paper money may be convertible or inconvertible.

Convertible Paper Money

Convertible paper money can be changed into coins or bullion at the pleasure of the holder. He has only to go to the bank or to the government office which has issued it. The bank or the office of issue will convert it into coin on demand. In England, in the days before the War, anybody could take paper notes to the Bank of England and get gold in exchange.

The Reserve Bank of India notes are all legal tender money—all are convertible with the exception of the one rupee notes.

When the paper money is convertible, the issuing authority usually has to keep large reserves of gold or silver to meet possible public demand. The issuing authority has to be careful about the issue of notes.

Convertible legal tender paper money is described as **"Managed Money"** by Mr. Keynes inasmuch as the currency authority has to manage or regulate its issue in such a way

that the paper currency is kept on a par with gold and this is done by making it freely convertible into gold on demand.

Inconvertible Paper Money

Inconvertible paper money is paper money which cannot be changed into coins or bullion at the will of the holder. Inconvertible paper money is generally issued by the Government. The power to issue inconvertible paper money is open to abuse especially by an unscrupulous government. During the Great War, all the belligerent nations issued inconvertible paper almost recklessly. In Germany, Russia and Austria, the issuing authorities became bankrupt and the notes became worthless scraps of paper.

Advantages of Paper Money

1. The use of paper money is economical—(a) the labour and capital, now employed in mining precious metal, may be saved by the use of paper and may be employed in other kinds of productive work; (b) further, the metallic money that is replaced by paper may be released for investment at home and abroad.

2. The loss due to wear and tear is small in the case of paper money.

3. Large payments and payments at a distance may be more conveniently made in paper because of easy portability.

Evils of Inconvertible Paper Money

Inconvertible paper money, *e.g.*, one rupee note is money by virtue of the mere government order and, therefore, need have little or no reserves of gold against it. So it has no fixed value in terms of gold or standard money and if abused by a government in need, it may become absolutely worthless.

1. Paper money is uncertain and unstable in value, dependent as it is on the government which can, at any time, rob it of its value.

2. Paper money has a limited area of circulation—it will not be accepted by foreigners.

3. Paper money, specially inconvertible paper money, has a danger —the danger of over-issue and depreciation. An over-issue of paper is much easier than an over-issue of metallic money.

Coinage

Coinage is the manufacture of metallic money. This manufacture is generally done in *government mints.*

1. Free Coinage

A. Unlimited Coinage

Coinage is *free* when there is no limit to the amount coined. In England, in the pre-war days, anybody could take any quantity of gold to the mint and have it coined into gold pieces. There was no limit to the number of coins which could be thus issued.

Limited Coinage

Sometimes restrictions are imposed, as in India. Coinage is then said to be limited.

B. Gratuitous Coinage

Coinage is also said to be free when no charge is made by the mint for coining. That was the pre-war practice in England.

2. Coinage on payment

A. Brassage

When the mint charges a fee which is the actual cost of coinage—the fee is known as brassage. That is the practice with the French Government.

B. Seigniorage

If the mint charges a fee greater than the cost of coinage (*i.e.*, if the mint makes a profit), the fee is called seigniorage.

Money Standard, Monometallism and Bimetallism

The *money standard* of a country is the definition of its monetary units or of its standard coin.

The standard money may be composed of one metal, or it may have two kinds of money of two metals, both circulating as standard money.

Bimetallism (*bi=two*) refers to a *monetary system* in which the *standard money* is composed of *two metals* (both gold and silver).

A country with a double standard is known as a country with a bimetallic standard.

Monometallism (*mono=one*) *refers to a monetary system* in which the *standard* money is composed of *one metal*, either

gold or silver. A country with one metal as the standard is known as a country with a monometallic standard (*e.g.*, Great Britain had a gold standard before 1931).

Appreciation and Depreciation of Money

Money is not desired for its own sake, but *money is desired for what it will bring or for what it will purchase.* This purchasing power of money depends on prices.

If prices of things are *high*, a rupee can purchase *less*, as when prices are *low*, a rupee can purchase *more*.

Depreciation

A rise of prices means a decrease in the purchasing power of money or *depreciation of money* (a fall in the value of money) because money can buy less than before.

Appreciation

A fall in prices means an increase in the purchasing power of money or *appreciation of money* (a rise in the value of money) because money can buy more.

Gresham's Law

In a country having two kinds of money, good and bad, in circulation at the same time *the bad money tends to drive the good out of circulation. Good money disappears* and *bad money remains in circulation.*

This tendency has been called Gresham's Law, after Sir Thomas Gresham, the financial adviser to Queen Elizabeth.

This selfish instinct or tendency of man to keep the good to himself and to pass the bad on to others is seen in our everyday life. Do we not see men trying to pass on base, counterfeit and worn-out coins (so long as these are not refused) keeping the good coins with themselves?

In this manner there is a constant pressure exerted by bad money to drive out the good.

Good money disappears in three ways:

(1) *Sale by Weight*—

Good money disappears because it has higher value out of circulation than in circulation.

A rise in the market price of gold metal would make the value of the metal in the gold coin greater than its value as coin. Shrewd people will make a profit by melting the gold coins and selling the gold as metal. Thus, through sale by weight, good money disappears.

(2) *Hoarding*—

For a similar reason, gold is hoarded and not silver. People would naturally hoard the good money and not the bad money.

(3) *Payment Abroad*—

Foreigners would accept payment in good money alone and not in bad money. Foreign payments are made by exports of gold.

Limitations

(1) Gresham's law will fail to operate if the total quantity of money in circulation is less than the total requirements of the community.

(2) Strong public opinion may refuse to accept bad money in place of good.

Summary

The origin and use of money is due to the inconveniences of barter.

Money is anything which passes freely, from hand to hand, as a medium of exchange.

Gold and silver have been in general use as money in preference to the baser metals and other commodities because of the superiority they enjoy in respect of certain qualities.

The *qualities* of money are (1) *acceptability*, (2) *stability*, (3) *durability*, (4) *portability*, (5) *divisibility* and *homogeneity*, (6) *cognisability*, and (7) *malleability*.

The *principal functions* of money are to serve as (1) *medium of exchange*, (2) *measure of value*, (3) *storer of value*, and (4) *transferor of value*.

The *different kinds* of money are : (1) *Coins*, token and standard and (2) *Paper money*, convertible and inconvertible.

There is an *appreciation of money* when money purchases more (with a fall in prices) and a *depreciation of money* when money purchases less (with a rise of prices).

Gresham's law is that bad money tends to drive good money out of circulation.

CHAPTER XII

CREDIT AND BANKING

CREDIT

The use of money has made possible the immense development of exchange since the days of barter. Money as the medium of exchange has great advantages over barter but *money, in its turn, has become unable to cope with the large amount of exchange work of modern times.*

Men have, therefore, devised a *cleverer, though more difficult, way of exchange than money. This is credit.* Because of the advantages of credit*, men have taken a forward step in moving further from the stage of money economy to the stage of credit economy.

Credit has displaced money in ordinary large transactions to-day. You have to pay Rs. 10,000/- to your manufacturer. You do not pay in coins, you pay by *cheque.* You have imported foreign goods of the value of Rs. 50,000/-. You do

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* **The Advantages of Credit**

(1) Credit helps production by rendering capital more productive.

Men with no capital but with real business ability may now help and stimulate production by securing the advantages of credit from men who have capital but have little ability to manage.

(2) Credit furnishes us with better and more convenient methods of inland payments (e.g., *a cheque*) as also payments abroad (*e.g.*, a bill of *exchange*).

(3) Credit also acts as a stimulant to the growth of capital. The introduction of credit institutions (*e.g.*, banks) and credit facilities (*e.g.*, lending of credit) has encouraged thrift and saving of capital.

(4) Credit also increases the productive capital of a country by economising the use of gold and silver as means of payment.

The Evils of Credit

Credit has its evils which manifest themselves both in production and in consumption.

(1) In production, there is often an inflation of credit leading to reckless speculation with ultimate ruin and suffering to many. There is an abuse of the confidence placed in the man to whom credit was granted.

(2) In consumption, men who borrow are generally extravagant. This extravagance frequently leads to many evils.

not send gold or silver to your foreign creditor. The value of the goods you have *imported* is more often realised from you by a *bill of exchange. Cheques* and *Bills of Exchange* are credit instruments.

A credit transaction is one in which there is a transfer of goods *in the present* for a promise of payment *in future.*

Two elements in credit

There are two elements in credit.

(1) *Time.*

(2) *Confidence.*

In *a cash or money transaction,* goods are exchanged for a sum of *money* which is *paid on the spot* and the transaction is complete.

In *credit,* the transaction is incomplete. The goods are delivered for *a promise to pay at some future date.*

Time is, therefore, an essential element. The creditor has to wait for payment for the time being.

Confidence is another element. The goods are parted with for nothing more substantial than a mere promise to pay. The man who delivers the goods must have confidence in the person making the promise as also in the promise itself.

Instruments of Credit

The promise to pay or the evidence of indebtedness given by the debtor to the creditor is *the instrument of credit.* Of the instruments of credit* we are going to study only two: (1) *the cheque* and (2) *the bill of exchange.*

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* Other instruments of credit are :

A Draft—

A cheque drawn by a banker upon another banker is called a banker's draft. It differs from an ordinary cheque in that an ordinary cheque is drawn by a non-banker on a banker.

Book Credit—

In trade between two firms who have frequent dealings, there is seldom a cash payment for each transaction. The firms grant each other book credit. The use of metallic money is economised by the payment of only the balance which remains after the cancellation of debits and credits in their respective books.

[Some are of opinion that paper notes are also credit instruments but these have already been considered, with good reason, as money, although there is an element of credit in them.]

1. The cheque

The cheque is an *order* calling upon the banker *to pay* a specified sum of money *on demand.* The cheque is signed by a person who presumably has an account with the banker who has given that person the right to issue cheques. A cheque is *payable* to a person named or to his order, or to the bearer of the cheque *according as the instructions are written on it.*

The cheque can be immediately cashed. The element of time is negligible in a cheque.

The cheque, in its essence, is a mere promise to pay. It is not an actual payment. The fulfilment of the promise depends on the *honesty* of the drawer of the cheque and on the *solvency* of the banker who is called upon to cash it or to *'honour'* it.

A cheque is accepted in payment because of the *confidence* (1) *in the man who issues it* and (2) *in the bank which is called upon to pay it.*

The elcment of trust or confidence is prominent here.

Are cheques money?

A cheque is not money, because

(1) a cheque has not the first and essential quality of money, *viz.*, general acceptability. A cheque is acceptable only to those who have confidence in it. It, therefore, seldom performs more than one service whereas money does many services as it passes from hand to hand.

(2) the transaction is not complete until the cheque has been paid out. There must be some waiting. A money transaction is complete on the spot.

(3) the mahajan or the creditor is not bound to accept cheques in payment since cheques are not legal tender.

Cheques must, therefore, be regarded as credit instruments.

2. The Bill of Exchange

Another important instrument of credit is *the bill of exchange which facilitates foreign exchange.*

In modern times, every country has a considerable amount of foreign trade. *As it sells* goods to foreign countries *so it buys* goods from them. When a country buys, it has got to pay for its purchase. What shall be the form of payment?

The Germans or the Japanese would not accept payment in rupees because rupees are token coins. They would accept payment in gold which is accepted throughout the world. They would also accept anything which would give them the right to have gold on demand, *e.g.*, paper which carries with it the right to demand gold.

This paper, in international trade, is *a bill of exchange* and is an order to pay. This order is, however, *not on a bank but on an individual or a firm.* It is made payable either *at sight* or *at any future date* stipulated in the bill (30 days, 60 days or 90 days after the bill has been drawn or accepted).

The Indian merchant who sells Rs. 13,000/- worth of jute to England would like to receive payment in Indian rupees and not in British money because pounds, shillings and pence do not circulate here. The English merchant who sends woollen goods to India worth a thousand pounds would similarly like to receive payment in British money because rupees will not circulate in England. These difficulties can be met by buying an equivalent amount of gold which is accepted everywhere, and by sending that gold to the foreign country.

But the difficulties of exporting gold would be (1) buying the necessary gold, (2) packing it securely to prevent theft or loss, (3) insuring it against such contingency, (4) arranging its transport by rail or steamer.

All these involve much expense and worry which may be avoided by cancelling out the credits and debits in one country against another. The bill of exchange facilitates international payment without recourse to gold shipment.

The operation of a Bill of Exchange

Provas exports Rs. 13,000 worth of jute to John in England. Agarwalla imports £1000 worth of woollens to India from Jones in England. Jones, therefore, has the right to claim payment of £1000 from Agarwalla as Provas has the right to claim Rs. 13,000 from John.

Suppose the rate of exchange is £1 = Rs. 13. Provas, an Indian merchant, has a claim of Rs. 13,000 against an English merchant John. Similarly, an English merchant Jones has a claim of Rs. 13,000 (the equivalent of £1000) against Agarwalla, an Indian merchant.

Exchange would be facilitated as between the Englishmen and the Indians if their debts could be made to cancel each other. The cost of Agarwalla's sending gold from India to Jones and John's sending the same amount of gold to Provas in India—the double cost of carriage, insurance and packing can be avoided.

Let us so arrange that Agarwalla, the debtor, pays his debt of Rs. 13,000 to Provas, the creditor, in India and John the debtor, pays his debt of £1000 similarly to Jones, the creditor in Britain. The debtor, Agarwalla, finds it much easier to pay in rupees and finds it cheaper too, as the debtor John finds it in paying in pounds Both the creditors, Provas and Jones, are also satisfied as they receive the values of their goods in their own money.

India

Provas (creditor) — sells bill drawn on John to for Rs. 13,000/- and is satisfied. — Agarwalla (debtor)

Provas draws bill on John for Rs. 13,000/- (£1000)

Agarwalla sends this bill of the value of £1000 and pays indirectly to

John (debtor) — Jones collects the £1000 bill from John and is satisfied — Jones (creditor)

England

The whole transaction is carried through by a Bill of Exchange drawn by Provas on John for the sum of Rs. 13,000/-. Provas sells the

bill drawn on John to Agarwalla, the Indian debtor, who pays Provas in rupees. Agarwalla sends the bill drawn on John to his creditor Jones. Jones now has received from Agarwalla a bill which carried the right to claim £1000. This satisfies his claim *but indirectly,* because the sum is collected from John, the English debtor, on whom the bill has been drawn. John accepts the bill and pays it to Jones. All parties are now satisfied. One bill has discharged two debts—one in India and the other in Britain.

BANKING

'The word bank was supposed to be derived from the *bank* or *bench* on which the early money-changers kept their coins so that *the banker* would be *the 'bencher'* as *the money-changers* were called in Greece and Rome.'

The word *bank* is also supposed to be derived from *bank—a heap or pile. Originally standing for a fund of capital a bank has come to-day to mean the institution dealing in such funds.*

The old Banker was a mere money-changer, *the modern banker is principally a dealer in credit though he still deals in money. He also promotes business.*

Banking Operations

The main functions of banks are two-fold—those of borrowing and lending.

When we *deposit** money with a bank it is in fact a loan to the bank and *the bank is our borrower.*

The money with which a bank carries on its business is not its own. For the most part, it is other people's money lent or 'entrusted' to it. How is the money so entrusted utilised and for what purposes?

A good bank has to be ready at all times to meet its obligations as borrower and to pay immediately on demand by its creditors, the depositors. But all depositors do not demand repayment at the same time unless there be a panic or a loss of confidence in the bank.

The bank, therefore, keeps funds sufficient to meet possible demands—the likely demands in countries with developed banking habits

* Depositing money or 'opening an account' with a bank may be on 'deposit account' or 'current account'.

Money on deposit account can be withdrawn only on the terms and conditions of the deposit. Money on current account is payable on demand at any time.

do not exceed 10% of the total deposits. Banks, therefore, keep in cash about 10% of their deposit liabilities. This constitutes their first line of defence.

The surplus* money they have in hand, they invest or lend.

Thus we come to the second main function of the bank—the bank as the lender.

The operation of credit transactions would have been very difficult as between nations but for the existence of modern banks.

They promote the development of credit by encouraging the deposit habit and the cheque habit and by lending to trade and industry in times of need. But an equally important service of banks has been the development of foreign or international credit.

We have already explained what a bill of exchange is and how it operates in a simple case.

In actual life, however, we would not find that there are only two simple and similar transactions between only two countries. The transactions are many, they are not similar and are between all the principal countries of the world.

The Indian importer of machinery from the U. S. A. pays for it to-day in the following manner.

He goes to an Indian bank with offices, agents, and credit abroad, and arranges with the assistance and guarantee of this bank a *'credit'* of Rs. 30,000 or $10,000 roughly in the U. S. A. for payment to the American exporter of machinery. Under the guarantee the Indian bank makes itself responsible for the payment of dues up to that amount.

The American exporter now draws a Bill of Exchange and takes it with the receipt of shipment of the machinery—*'the bill of lading'*— to a bank in America which buys it cash from him. The exporter thus receives payment immediately on shipment. The American bank

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* Out of the surplus usually another 15% is kept with other banks at home and abroad or lent to people at *'call'* or *'short notice'*. This money can be had at very short notice and constitutes *the second line of defence* of the bank if there be large withdrawals of deposits by creditors.

The other principal investments of a bank are *in inland trade bills, bills of exchange, government bonds* and *securities* and *gilt-edged securities*. Banks lend money to manufacturers, merchants and traders who, from time to time, require bank loans in addition to their own capital to finance themselves.

A farmer may need a loan for the sowing season which he expects to repay out of his next harvest. A manufacturer may need a loan to buy raw materials to execute his contract to deliver a large quantity of goods; he expects to repay when the goods are manufactured and payment received on delivery. Banks lend money to finance trade and industry in a country. Lending by banks takes place in great part through the *discount* of bills. They also lend to governments.

then realises the value of the bill through the Indian bank which has guaranteed its credit. The Indian bank realises its credit from the Indian importer. *Thus it is through the banks that the bills of exchange are negotiated.*

Banks are, therefore, among the principal means of the development of internal and international credit.

Functions and value of banks

A bank is defined as a dealer in credit.

The two chief functions of banks are (*a*) *borrowing* (deposits) and (*b*) *lending* (discount). Banks borrow from some people and lend to others.

Besides these, banks have certain other functions: *viz.*, (1) *note issue*, (2) *safe deposit* and (3) *acting as the fiscal agent of Government* by keeping the Government balances and managing the public debt. The right of issuing notes now-a-days is a monopoly of the Central Bank ; ordinary banks in most countries are no longer permitted to issue notes, though in the past they possessed that right. Banks also accept valuables and jewellery, etc., from their customers to keep them in safe custody. The function of acting as a fiscal agent to the Government is also the special charge of the Central Bank.

Following the practice of Mr. Keynes, it is now the fashion among the economists to describe *'bank deposits'* as *'bank money'* because these deposits withdrawable by cheques largely serve as medium of exchange in the advanced countries, especially in U. S. A. and Britain. In those countries, as Keynes observes, *"current money is predominantly bank money."*

Banks secure economy in the use of precious metals as money by the issue of notes, by developing the cheque habit and by lending deposits.

Banks also encourage savings by the security and interest they offer. These savings are placed in deposit with banks.

Banks provide capital for trade and industry by lending to businessmen the money they have on deposit.

Banks as the dispensers of credit

It is important to remember what has been said before that the chief functions of banks are (*a*) borrowing and (*b*) lending.

Banks borrow from some when they take deposits and lend to others through discounting. The money banks have with them are on deposit from savers and investors. From these men, the depositors, the banks have borrowed.

The men who take loans from banks are principally business men in need of capital for trade and industry. These are the men to whom the banks generally lend through discounting. They lend at a rate higher than that at which they have borrowed and thus they make their profits.

Banks, thus, play a very important role in the economic development of a country. 'Modern business and industrial enterprise require application of capital on a very large scale. A great part of this capital is furnished by the banks. The banks do not supply the capital themselves. The banks serve as the connecting link between the savers and the borrowers of capital.'

The Central Bank

The chief functions of Central Banks are those of control and supervision of banking and credit.

(1) The Central Bank is the Banker's Bank—in cases of difficulty all banks turn to the Central Bank for aid and assistance. In its turn, the Central Bank exercises control over the banks.

(2) The Central Bank is a banker to the Government.

(3) The Central Bank enjoys the monopoly of note issue.

Summary

As barter was superseded by money, so money is going to be replaced to a considerable extent, in our age, by credit.

The *two elements* in credit (1) *time* and (2) *confidence* distinguish it from money.

The two principal *instruments of credit* are : (1) *the cheque* and (2) *the bill of exchange.*

The cheque is used for internal payments and the bill of exchange for foreign payments.

The two chief functions of a modern bank are : (1) borrowing through deposit and (2) lending through discount. Other functions are : (1) note issue, (2) safe deposit and (3) acting as fiscal agent to Government.

The old banker was a money-changer but the modern banker is a dealer or dispenser in credit.

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CHAPTER XIII

INTERNATIONAL TRADE

Nations to-day do not live alone. Trade and markets are no longer local or national. How great and how intimate are these trade relations with other nations we would realise when we are told that Japan and Italy are India's best customers for her cotton, Britain for her tea and wheat, Germany for raw jute, the U. S. A. for jute manufactures and North and South America for her pig iron.

As we sell practically to the whole world, so we buy from all corners of the globe. Among other countries we buy cotton and woollen goods from Britain, wheat from Australia, sugar from Java and Cuba, glass, iron and steel from Belgium, machinery from Germany, toys from Japan, enamelware from Czecho-Slovakia, kerosene and petroleum from Russia, paper from Norway and motor cars from the U. S. A.

In view of our international trade relations it is very important for us to know the value and advantages of international trade.

The Advantages of International Trade

The advantages of international trade are the following:—

(1) *It enables a country to enjoy goods which it cannot produce at all or can produce at a much greater cost than foreign countries.* It is because of the trade between India and Germany that Germany was able to use jute even though she could not grow it at home.

And Germany gave us in exchange machinery which we needed but could not manufacture in India or if we could manufacture at all we could not do so efficiently or as advantageously as Germany could do. It is in this act of exchange that we have the second important advantage of international trade.

(2) *It enables a country to apply its productive powers to the maximum advantage.* Each country produces those com-

modities in which it possesses the greatest comparative advantage and imports other articles from other countries. By means of such international division of labour production is maximised and all countries gain.

(3) *International trade promotes intercourse between nations and makes them interdependent.* Such interdependence should promote world peace. International trade has an inestimable cultural value.

The Disadvantages of International Trade

As international trade has its advantages, so it has its disadvantages. International trade makes for international interdependence. Countries like Britain which depend largely for their existence upon the exchange of their products with others have to rely upon the *continued ability* and *willingness* of those other countries to buy.

If the foreign buyers cease to purchase there is no market for the home producers who must stop producing. The stoppage of mills and factories means unemployment and suffering to many. Instead of encouraging international peace it often leads to international rivalry of imperialist powers.

Balance of Trade

The expression *'balance of trade'* indicates, in popular language, the relation between imports and exports of a country. It is rare that a country's exports and imports are equal although they tend to be equal.

When the value of the exports of a country exceed the value of its imports, the excess is in favour of the country which is then known as having a *favourable balance of trade.* If, on the other hand, its imports exceed exports, it is then said to have *an unfavourable balance of trade.*

The Balance of Accounts

When, however, we want to find out whether the foreign trade of a country is in equilibrium, we have to consider *not merely* the exports and imports of goods and *the balance of trade* resulting from these imports and exports, *but* we have to consider *the balance of accounts* resulting from the total credits (*claims*) and debits (*debts*) of a country.

Protection and Free Trade

A nation is supposed to pursue a policy of *free trade* when it does not impose restrictions upon international trade.

On the other hand, those nations follow a policy of *protection* which impose restrictions on foreign trade for the purpose of protecting home industries from foreign competition. These restrictions generally take the form of prohibitive duties on foreign imports. These duties are called protective duties and are collectively known as the protective tariff.

Arguments for protection

(1) *The home market should be reserved for home industries because foreign markets are distant and precarious.*

(2) The reservation of the home market for home industries would create a demand for indigenous products which would provide for *the employment of labour and capital within the country which might otherwise remain idle.*

(3) *Protection is also necessary* when home industries have to face unfair competition *from dumping of goods* by foreigners at prices below cost.

(4) *Protection is urged also on the ground of making the state self-sufficient.* There are economic, political and military reasons for it.

(5) Protection is also demanded on the ground of a diversification of industries to secure an even and balanced development of the economic life of the people.

(6) *The strongest argument for protection is* **the infant industries argument.**

The infant industries of a country may require careful nursing. They may need protection from attack or competition by their more fully developed and powerful rivals in foreign countries which have had an earlier start. When they would grow up to their full stature they would no longer need protection. The aim should be *'nurse the baby, protect the child, free the adult'*. The case for protection of Indian industries rests mainly on this argument.

Disadvantages of Protection

Among the disadvantages of protection are the dangers of *political corruption* and *monopolies* and the encouragement of *inefficient production, a rise in price* and *a loss to consumers.*

Free Trade vs. Protection

Free Trade promotes competition and *checks monopoly and privilege.* This competition leads to the production of more goods at a cheaper cost—the world is benefited thereby.

Protection benefits a particular class, the capitalist manufacturers who make large profits under it.

Free Trade benefits all classes because as consumers they get things cheaper. It has, therefore, a special appeal to the poor working classes.

Protection is a clog in the wheel of international progress. *Free Trade promotes international co-operation and interdependence* through international division of labour. *It promotes world progress* by making each nation contribute what it is best fitted for.

Economic Nationalism and Protection

The unit of our social order is the nation—we are yet far off from the ideal of the world as our unit.

The big nations are at war with one another trying to secure economic and political ascendancy and power

Also nations are not economically equal. There are nations which struggle to be free from the economic bondage of the imperialist powers.

This economic struggle compels nations to strengthen their defences and prompts them to acquire economic strength and equality. This economic nationalism is at the root of the almost universal movement to-day for protection.

Summary

Nations to-day do not live alone. International trade is growing more and more important in the life of nations.

The advantages of international trade are that (1) it enables a country to enjoy goods which it cannot produce at all or can produce only at a greater cost, (2) it enables a country to utilise its productive powers to the maximum advantage and (3) it promotes international intercourse and harmony.

The disadvantages of international trade are that it makes the life and economic well-being of one nation depend upon the goodwill and economic condition of another.

Free Trade means the absence of restrictions upon international trade while Protection consists in the imposition of restrictions upon international trade with a view to protecting home industries.

Arguments for Protection are that (1) the home market should be preserved for home industries, (2) protection causes greater employment of labour and capital at home, (3) the home industries should be protected from dumping by foreign exporters, (4) the state should be economically self-sufficient, (5) there should be a diversification of industries in the state, and (6) *the infant industries* of a country require careful nursing.

The disadvantages of Protection are that (1) it leads to political corruption and monopoly, (2) it stifles competition and causes a relative scarcity of goods, (3) it benefits particular classes and (4) it is a clog in the wheel of international progress.

CHAPTER XIV

DISTRIBUTION

What is distribution

The study of distribution is primarily a study of the remuneration of the factors of production.

Distribution is the process whereby the income of a group (a particular industry or a particular society) is shared among the factors of production in that group, *viz.*, land, labour, capital and organisation which have jointly produced that income.

Distribution involves three distinct questions:—

(1) *What exactly is there to distribute?*

(2) *What are the shares and who are entitled to share?*

(3) *How are the shares determined?*

What is there to distribute

A business leader or organiser undertakes production of matches. He takes land on lease from the landlord, erects machinery in the factory premises with capital he has borrowed from the capitalist and employs labour, unskilled and skilled, in the manufacture of matches.

At the end of the year, he finds that he has produced 80,000 gross match boxes which he has sold for a total value of Rs. 80,000. This is *the gross product.*

But the year's use is responsible for some inevitable damage and depreciation of machinery, buildings, etc., for which repairs and replacements are necessary. Also, the fuel and the raw materials have to be purchased and for all this a sum of money or a fund has to be set apart.

This sum is known as the *Replacement Fund.*

Let us assume that the replacement fund necessary in the match factory is Rs. 50,000.

The *net earnings* or the *net product* of an industry can be known by deducting the amount necessary for the replacement of capital from the value of the gross product.

GROSS PRODUCT—	REPLACEMENT FUND=	NET PRODUCT
(Rs. 80,000)	(Rs. 50,000)	(Rs. 30,000)

We have here a net product of Rs. 30,000. *This net product is available for distribution.* It is, however, a joint income because it is the result of the joint efforts of all those who have taken part in the production of matches—*the organiser, the landlord, the capitalist and the labourer.*

The National Dividend

"The labour and capital of a country, acting on its natural resources, produce annually a certain net aggregate of commodities, material and immaterial, including services of all kinds. This is the true net annual income or revenue of the country, or *the national dividend."* (Marshall). Naturally, since in every year plant and equipment wear out and decay, what is produced must mean what is produced on the whole when allowance has been made for the depreciation of capital.

Thus, the net product of the services of land, labour, capital and organisation of a country in a given period of time is known as its National Dividend.*

The National Dividend is at once (a) the aggregate net product of *and* (b) the sole source of payment for the factors of production within the country.

Land	Labour	Capital	Organisation
Net Product or National Dividend.			
Rent	Wages	Interest	Profits

* 'In production we study the creation of the social income; in distribution we study its division. In the one case we regard it as the national output, in the other as the national dividend.' Seligman.

What are the shares and who are the shareholders*

The factors of production are Land, Labour, Capital and Organisation and the shares of these factors are known as Rent, Wages, Interest, and Profits respectively.

The landlord who supplies land, the labourer who gives his labour, the capitalist who lends his capital and the entrepreneur who furnishes the organising ability are each entitled to a share, by way of reward, since each of them has rendered a service.

The individual in relation to the group

In economic text books of the orthodox type, the share of each factor is studied as a whole. The individual is neglected in such a study. We study *functional* distribution, not *personal* distribution. We study the income of the group, not the income of the individual, *e.g.*, we study the share which goes to labour in general, not that which goes to the individual labourer.

We should not, however, forget the individual, in the distribution of wealth.

How the shares are determined

It is because each of the factors renders a particular service in production that each is entitled to a share in distribution.

What surprises us is the extraordinary variety of these services and of their rewards. Many are doing work which is tiresome, unpleasant and often dangerous; many again do work which requires a very great deal of skill, yet they receive only a very small remuneration (low wages or low salaries) for their real pains and hardships.

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* The shares in distribution differ according to the character of production and the structure of economic life.

In a slave-state, there are no wages because slave labour is not paid for.

In a socialist or proletarian state, on the other hand, there is no private landlord, no private capitalist and no private entrepreneur and, therefore, no rent, no interest and no profits for them who are known as the capitalist class. Land and capital in such a state are owned by the community, the state also furnishing the necessary enterprise. In such a state the only earnings are the wages of labour.

On the other hand, men who appear to do the most pleasant work receive at the same time the highest incomes, *e.g.*, the landlord and the capitalist (rent and interest).

Generally speaking, all the shares, excepting the share (profit) which goes to organisation, are determined by the interplay of the forces of demand and supply. The share which goes to each factor is the price paid for its services in production. Thus the share which goes to labour is the price paid for the services of labour. *Since services like commodities have a market price, this price is determined by the interaction of the forces of demand and supply.* The price depends on the amount offered in relation to the amount demanded. In general, wages are high when labourers are scarce and wages are low when labourers are plentiful. Interest is high when capital is scarce, interest is low when capital is plentiful.

Summary

Distribution means the sharing of the joint-income of a productive group among the factors of production in that group.

The net product is available for distribution.

The *shares* are known as *rent, wages, interest* and *profits* and are *distributed to the landlord, the labourer, the capitalist and the entrepreneur respectively.*

Each of them renders a service in production which is rewarded by a share in distribution. The share is a sort of price paid for service rendered.

The share or the price is determined by the general forces of demand and supply.

CHAPTER XV

RENT

Definition

Rent is *the price paid for the use of land or other natural agents.*

Rent, *in the popular sense,* is the payment for the use and occupation of business premises or dwelling houses. Rent, in this sense, includes *rent proper (the amount paid for the use of land, a gift of nature) plus* payment of *interest* for the capital invested in the building which stands on the land.

This popular confusion arises from the fact that the payment is often a single payment made to a person who owns both the land and the capital.

The Ricardian Theory of Rent

The theory of rent is usually associated with the name of David Ricardo, an eminent English economist of the early 19th century.

He defined rent as 'that portion of the produce of the earth which is paid to the landlord for the use of *the original and indestructible powers of the soil.'*

'Ricardo's theory of rent forms to a great extent the foundation of the modern theory of rent.

Ricardo's predecessors thought that rent is the result of the bounty of nature. Rent thus appeared to be a gift of Nature. Ricardo goes to the other extreme and says that rent is due to the niggardliness of nature. Ricardo points out that so long as good land is available in plenty there cannot be any rent. After the supply of the first grade land is exhausted it becomes necessary to go to second grade land.'

How rent arises

Ricardo correctly noted the *differential* character of rent and described it as a *differential surplus* which the superior land enjoys over the marginal land.

We can easily picture a community in which land is so abundant as to be counted a free good like air and water.

But very soon the most favoured spots will be appropriated by the pioneers either for their *superior fertility* or for their *superior situation.* The growing needs of the community would compel the late-comers to resort to land of inferior quality. In this way inferior land comes to be cultivated.

At any given time, we find some lands do not repay cultivation. Some again will just repay the expenses of cultivation —nothing more. This land Ricardo called *land on the margin of cultivation or the no-rent land.*

Some other plots, again, are so fertile that the value of the produce raised is greater than the costs of production (*farmer's remuneration and costs of cultivation and marketing*). There remains a surplus above the cost. *This surplus constitutes rent.*

But land of this quality is relatively scarce.

Rent arises because of this scarcity of good land. All desire to possess this land, but few have it. Those few who possess this class of land enjoy this surplus.

Competition among farmers to take the best land enables landowners to earn the surplus value or the rent of their lands.

The enjoyment of this surplus may be *direct* when the owner cultivates land on his own account, or it may be *indirect* when he lets out the use of the land to some one who pays some money as compensation (rent) for the surplus he takes.

Criticism of Ricardian Theory of Rent

(1) Criticism has been directed against Ricardo's conception of the historical order of cultivation that the best land is cultivated first and other lands in order of their inferiority. This is not always true.

(2) The rent that we find in actual life does not correspond to Ricardo's economic rent.

(3) Land in most countries is not in its original and natural state. It has been altered and improved by the investment of capital. Rent, at present, is, therefore, due as much to the original properties of the soil as to subsequent improvements made by man.

(4) The properties of the soil are not *indestructible*. On the contrary, the evidence is that with continual cultivation there is a very definite and steady loss or deterioration of the soil properties.

(5) Ricardo's definition restricted rent only to *agricultural* land. But there can be rents in respect of *urban sites, mines* and *fisheries*. The same forces (demand and supply) which determine the rent of agricultural land, determine, in the main, the rent of other natural agents.

The modern theory of Rent

Rent is a surplus—the amount of rent is determined by the differential yield or production. Modern economists thus accept Ricardo's theory in its essentials. The supply of land is fixed by nature and land in any country consists of various grades and qualities.

These peculiarities in the supply of land together with the extent and urgency of demand determine how far cultivation would proceed and this, in turn, determines rent. Thus rent or remuneration for the services of land depends upon the interplay of the factors of demand and supply.

The foundation of rent is the Law of Diminishing Returns. Were it not for diminishing returns from land, every farmer would have saved his rent by giving up all but a small plot of land on which he would have concentrated all his labour, capital and enterprise. In fact, but for the operation of this law a man like Henry Ford might have made an attempt to raise the whole produce of his country from one single plot.

Economic Rent*

Economic rent is the producer's surplus. It is the surplus which remains to him after he has paid all costs of production.

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* In India, the rent or land revenue very often exceeds the economic rent of land.

But in India rent is mostly determined by *contract regulated by*
- (*a*) *custom*, which *has* got great force in India,
- (*b*) *legislation*, as in Bengal where the rent is determined mainly in accordance with the provisions of the Bengal Tenancy Act,
- (*c*) *competition*, as in the canal colonies in the Punjab.

To a large extent, custom is the foundation of Indian rents.

How economic rent is determined

Economic Rent = Gross value of the produce *minus* costs of production (expenses of cultivation, marketing expenses, farmer's remuneration).

Economic rent cannot be determined before the crops are raised, marketed and sold.

Rent and Price—does rent enter into price?

There is a widespread belief that high rent causes high prices. But, as Ricardo points out, *high prices are not caused by high rents, but it is the high prices which enable the farmers to pay high rents.* Rent is the differential return which the land of the superior quality enjoys over the marginal land. Now, price equals cost of production on the marginal land which is regarded as *the no-rent land* and, therefore, does not pay any rent. Hence, rent, not being a part of the cost of production cannot affect price. So we say, *rent does not enter into price.*

On the other hand, if prices go up, lands which formerly were deemed unfit for cultivation, will now be put under the plough. Hence, the margin of cultivation will be pushed downwards, the difference between superior plots of land and the land on the margin will be widened and thus the amount of rent will increase. *High prices,* in this way, *will lead to higher rents.*

Contract Rent—Rent in practice

In practice, land is usually let out for a rent which is determined beforehand by a contract between the landlord and the tenant. *Rent which is thus fixed by a contract is called contract rent.*

How contract rent is determined

This contract rent is settled *by the interaction of the forces of demand and supply.*

Both the landlord and the tenant have in mind the surplus that can be got from the land. One may think that surplus to be big and sufficiently attractive, the other may not think so.

If the demand for the use of land be great in proportion to the supply of land, rents would be high—if the demand is small relatively to the supply, rents would be low. Thus rent

or the price for the use of land is fixed by the interplay of the forces of demand and supply.

Urban Site Rent

Agricultural land is desired both for its fertility and for its situation.

Urban land is, however, desired only for its situation both for residential purposes and business sites. Beauty, healthfulness, convenience, fashion and traffic—each of these determines the value of the site.

The more desirable sites, because of their superior advantages, are in great demand but as these sites are necessarily limited in number, they fetch high rents (*e.g.*, business sites near railway stations, residential sites near the fashionable parks of your town).

"Unearned" Increment—Urban Site Rent

The question of unearned increment arises specially in the case of urban sites.

Urban site rent, like agricultural rent, is determined by the interplay of the forces of demand and supply.

During the last hundred years, population in all civilised countries has increased and has crowded more and more into the towns and cities.

The ancestor of our present landlord in town might have bought 100 bighas of land for Rs. 200/- a century ago, on which the return at the current rate of interest should have been Rs. 12/- per year.

The rent of this land measuring 100 bighas in a city which has sprung into prominence in these hundred years may well have increased from Rs. 12/- to Rs. 3 lakhs a year and the value of the property correspondingly increased from Rs. 200 to Rs. 50 lakhs.

The increase in the value of or income from land due almost entirely to social progress and to the growth of popula-

tion is known as 'unearned' increment because it has not been earned. The landlord has not generally done anything for the improvement of land. He has not 'earned' the increment of the land value. Should the city landlord be allowed by society to retain this entire 'unearned' income? This is a grave moral and economic issue to-day.

Summary

Rent is the price paid for the use of land or other natural agents.

Economic rent is the producer's surplus from land but as it is difficult to ascertain this surplus, rent is more often fixed by previous agreement or contract between the landlord and the tenant.

Rent which is so fixed is contract rent. The contract rent is determined by the general forces of demand and supply.

Agricultural rents are paid because of (1) *the fertility* and (2) *the situation* of land.

Urban site rents are paid because of the *situation* of land.

In urban site rents, there is very often a huge 'unearned income'.

CHAPTER XVI

WAGES

Wages

Wages are the price paid for the services of labour.

The remuneration of every sort of labour may be called wages.

These services are rendered by workers who have been classified into (1) *soft-handed* and (2) *hard-handed* according as they work, more or less, with their brains or with their hands.

These workers, intellectual as well as manual, fall into five classes ;

SOFT-HANDED WORKERS
- (*i*) the higher classes of society, *e.g.*, professions such as those of *doctors, lawyers, engineers, managers,* etc.,
- (*ii*) the lower middle classes consisting of *clerks, school teachers,* etc.

HARD-HANDED WORKERS
- (*i*) skilled workmen such as *fitters* and *mechanics,*
- (*ii*) factory and machine workers,
- (*iii*) common day-labourers, *e.g., the diggers and delvers.*

Salaries

The line between wages and salaries is difficult to draw. The distinction is mostly based on the length of the period for which the payment is made.

When wages are paid by the month or by the year such personal incomes are known as salaries. The higher paid and the higher grade workers generally receive salaries.

The rest receive wages paid *usually* either by the day or by the week.

Real and Nominal Wages

"Nominal wages are measured in terms of money, real wages are measured in terms of commodities and services."

Money or Nominal Wages

Money or nominal wages may be defined as the amount of money given in return for the services of labour.

Real Wages

Real wages on the other hand mean the amount of necessaries of life and other advantages which the labourer can get in exchange for the services of his labour Real wages are not money but the necessaries, comforts and luxuries of life which it (money) brings.

Real wages depend on what money can buy or on the general level of prices. Low prices increase real wages as high prices reduce them, since a given amount of money will buy more when prices are low as it will buy less when prices are high.

Real wages also depend on the opportunities of supplementary earnings.

Real wages have to take into account trade expenses, *e.g.*, doctors have to keep cars, and lawyers have to employ clerks which expenses have to be deducted from their nominal income or wages to arrive at their real income or wages.

Regularity or irregularity of employment is another factor in determining real wages, *e.g.*, the nominally high wages of cinema stars may not mean as high real wages because of irregular employment—periods of employment on high wages alternate with periods of unemployment.

Real wages include the advantages which are attached to the occupation, *e.g.*, free quarters, free clothing, agreeableness of work. Two persons having the same nominal wages may have unequal real wages.

"The labourer is rich or poor, is well or ill rewarded in proportion to the real, not the nominal wages of his labour." (Adam Smith).

Real wages, thus, signify the amount of food, clothing, shelter and enjoyment received on account of such services.

Differences in wages—why wages rates vary in different occupations

The differences in wages in different employments or occupations are due, according to Adam Smith, to

(1) the agreeableness or disagreeableness of the employment, *e.g.*, the butcher gets more than the baker because the butcher's work is disagreeable;

(2) the ease or difficulty of learning it as also the expense of training, *e.g.*, the skilled workman gets more than the unskilled because the skill is acquired with difficulty and at some expense;

(3) the regularity (constancy) or irregularity of employment, *e.g.*, the teacher gets less than the insurance agent because he has a more regular employment;

(4) certainty or uncertainty of success, *e.g.*, goldsmiths and doctors generally have high incomes. The lawyers' extraordinarily high incomes are in the nature of lottery prizes which many lose, few win (Adam Smith).

Differences in wages are sometimes due also to

(1) the existence of the chances of making supplementary earnings;

(2) incidental advantages, *e.g.*, free quarters, free uniforms, free board;

(3) colour prejudices, *e.g.*, a white man would get more than a coloured man for the same work;

(4) other advantages, *e.g.*, *quiet* or *respectable occupations* like those of a teacher or of a clergyman sometimes attract better men on *comparatively* low incomes.

The individual differences in wages that we notice in the same occupation or employment are due mostly to the differences in skill, ability, and experience. The more efficient bricklayer or the more skilful surgeon earns, as a rule, more than the less efficient or the less skilled.

How wages are determined

"Labour, like all things which are purchased and sold, and which may be increased or diminished in quantity, has its natural and its market price." (Ricardo).

From the above it becomes clear that wages are determined in a market by the general law of price, *i.e., the interaction of the forces of demand and supply.*

Wages depend on two things:

(*a*) the number of wage-earners (*the supply of labour*) and

(*b*) the demand for their labour.

If labourers were many relatively to the demand, wages would be low.

If labourers were few and in great demand, wages would be high. This is only a statement of fact—not a defence of the present system.

Analysis of the factors of demand and supply in wages

Demand for labour.—The demand for labour depends on the productivity or usefulness of labour.

The employer has (a) *a maximum demand price* equal to the full value of labour but (b) he tries to give as much less as he can to retain the surplus for himself.

This leads to 'labour unrest'--the employer trying to exploit the labourer and the labourers trying to get wages raised to the full value of their labour.

Supply of labour.—The supply of labour is fixed by the standard of life of the labourers. Low wages are accepted because of a low standard of life. In extreme cases it might be the barest minimum for existence—the 'subsistence level.'

In progressive countries, where labour is organised, the Trade Union (or the union of workers) fixes this standard of life or minimum supply price below which there would be no supply. The standard of life is not a fixed one and the constant aim is to raise it.

Thus the employee has (i) *a minimum supply price,* that which is necessary to maintain his standard of life but (ii) he endeavours to get as much more than this as he can secure.

The Wage Contract

The wage contract is the result of a collective bargaining between the employers and the employed and will be determined by the relative bargaining strength of the two parties, within the two limits imposed, (1) *on the side of demand, by the value of the labourer's contribution to the product* (*the upper limit*) *and* (2) *on the side of supply, by the standard of life* or the subsistence level of the labourer (*the lower limit*).

Wages, analysed thus, depend on (1) *the productivity* and (2) *the standard of life of the labourers involved.*

Summary

The price paid for the services of labour in production is known as wages.

The amount of *money* that can be had in exchange for labour is known as *money wages.*

The amount *of food, clothing and other advantages* which a man can have in exchange for his work is known as his *real wages.*

Wages are determined by the interaction of the forces of demand and supply.

The greatest fault of our system lies in its glaring inequality.

CHAPTER XVII

THE LABOUR PROBLEM

The wage contract to-day is determined by the relative bargaining strength of the labourers and the employers.

The employers are a powerful group, strengthened as they are by wealth, education and organisation. The labourers, pitted against them, are weak since they are poor, ignorant and ill-organised.

And in a tug of war between the two crews, one strong and the other weak, it is the strong who win.

The result has been that wages and conditions of work have been fixed to the considerable disadvantage of labourers, the weaker party to the bargain.

The low wages paid have led to great social and political discontent—to 'labour unrest', as it is called, all the world over.

The humanitarian spirit of the age has led many people to the quest of a solution.

The State is introducing several measurers for the protection of the interests of the labourers who form the bulk of the community. These measures mainly relate to the regulation of hours and conditions of work, the payment of 'fair' wages, and in extreme cases, a fairer distribution of wealth.

This work of the state is being nobly supplemented, in some cases, by enlightened employers of the type of Henry Ford in welfare schemes for the workmen.

But the best help is always self-help. The greatest improvements in the condition of workers have almost invariably been secured by the efforts and on the initiative of their own organisations.

The chief of these is the *Trade Union*.

The Trade Union

A trade union is "a continuous association of wage-earners for the purpose of maintaining or improving the conditions of their employment." (Sidney and Beatrice Webb).

The trade union is the organisation of the wage-earners to put the labourers on an equality with the employers as regards bargaining strength.

The Trade Union Secretary does the bargaining and he does it better than the individual worker because

(1) he is an expert,

(2) he is the representative of the Union which is much stronger than the individual.

The Trade Union found the workers oppressed and debased. It rescued them from the tyranny of the employer and gave them the much needed self-respect.

Aims of Trade Unions

The aims are—

(1) to secure standard rates of wages (higher wages where wages are below the standard),

(2) to secure standard conditions of work (*e.g.*, better housing, better factory conditions where these are not up to the standard),

(3) collective bargaining through expert agency.

Trade Union Activities and Methods

Trade union activities for securing these ends are divided into—

(1) *Friendly work or fraternal activities of trade unions*: The Union helps in securing benefits such as pension and compensation from the state or from the employers in case of *old age, illness and accidents.* It also helps to secure facilities of education, recreation, etc., for the workers.

(2) *The militant activities of trade unions*: Strikes or stoppages of work are declared only in the last resort and sup-

ported by the Unions to compel the employers to concede to the men's demands.

The right to strike is the most effective counter-weapon in the hands of the workmen against the right of dismissal in the hands of the employers.

The losses to the strikers have been much exaggerated. The permanent gains from a successful strike outweigh the losses and failures. Strikes nowadays are more disciplined and not attended with the violence and bloodshed of old. Strikes, unless for obviously unfair demands, have to-day generally the sympathy of an enlightened public opinion which is a powerful aid to the labour cause.

(3) *Political work*: Trade Unions also organise the labourers into an active political party for the purpose of taking over the government in their own hands. The Labour or the Socialist Government, they believe, would remove many hardships they endure to-day.

The Trade Union and Wages

We have seen already that the supply of labour is largely controlled in the long run by the standard of life. One of the most important functions of the Trade Union is to fix the standard of life and to raise it.

Whereas in India the workers are not organised they bid one against another bringing down the wages and their standards of life.. Tht trade union would stop this. It would prescribe the minimum wages less than which no worker would accept, since the trade union discipline and organisation would compel all members to offer the same terms. Thus the workers get increased strength and power and have their minimum wages guaranteed.

In a progressive or flourishing industry there is often a surplus value of labour which goes to profit the employer—a surplus or margin measured by the difference between what the labourer yields or produces and what he gets as wages. By

skilful bargaining, but not commonly without a fight, it is possible for the trade union to secure for the workers this surplus previously going to their employers. A powerful trade union can dictate its terms to the employers to such an extent that wages trench on profits and employers have to be satisfied with minimum profits. *Mere fighting and bargaining, therefore, are able to secure a considerable rise in wages because the present scales of wages in most countries are much below what the employers, unless they are too greedy and selfish, can afford to give.*

But in the long run a trade union can raise wages only by raising the efficiency of the workers. The more efficient the work, the greater is the net output or net product from which more and more can be paid out as wages. The best trade unions have often done this—they have set up standards of conduct, regularity and good workmanship, all of which tend towards a rise in the efficiency of labour.

Agencies for Industrial Peace

To check the growing hostility between the employers and the employed, certain measures have been adopted for the promotion of industrial peace and for the reduction of the causes of strife.

Amongst these are profit-sharing, welfare-schemes, arbitration, labour legislation and co-operation.

Labour Legislation

The state has taken action where the conditions of work have been so bad that public opinion felt that it must interfere.

The trade unions have done much in ventilating the grievances of the workers and have enlightened public opinion on the subject.

Public opinion which has become increasingly powerful and responsible has compelled the state to enact, in the interests of public health and morals, laws against overwork, against child labour, against night work and underground work for women, against working with unprotected machinery or in

unnecessarily dangerous surroundings, and for wage-benefits to expectant mothers and compensation to workers who die or are disabled in the course of their employment.

Co-operation

The old system of industrial production may be likened to industrial despotism with industrial kings at the head ruling with an iron hand, *e.g.*, the 'coal' king, the 'steel' king. The new experiment of co-operation, opposed as it is to the old, provides for industrial democracy.

"Industrial democracy means self-rule, self-control, self-direction by the workmen in their efforts to gain a livelihood. This is achieved in pure co-operation." (Ely and Wicker).

The workmen pool their small savings into a big fund of capital, purchase their own machinery and 'manage their own industrial affairs, in their own way, at their own risk, sharing profit or loss as the case may be.'

This is CO-OPERATION IN PRODUCTION.

There may be CO-OPERATION IN DISTRIBUTION AND IN CONSUMPTION.

The consumers combine in purchasing their requirements and saving for themselves the profits which would otherwise have gone to the middlemen.

A company is started with a capital contribution by the members, a manager is employed by them on a salary and a room is rented for the purpose. Then the co-operative business is started. The profits accrue to the consumer-members of the co-operative society.

The advantages of Co-operation are that

(1) it prevents conflicts,
(2) it stimulates energy,
(3) it encourages thrift and economy,
(4) it saves much labour of superintendence,
(5) it has a great moral and educative influence.

Summary

The present labour problem is due mainly to the low wages and bad conditions of labour.

The solution lies in the hands of (1) *the State,* which can promote labour interests by *legislation* and *administration;* (2) *the employers* who, like Henry Ford, can promote the welfare of their employees and (3) *the labourers themselves.*

The labourers' remedies lie in : (a) *The Trade Union,* which is a *continuous association of wage-carners* for the purpose of maintaining or improving the conditions of their employment;

(b) *Labour legislation*—State laws against overwork, against employment of women and children, against working dangerous and unprotected machinery, for wage-benefits to expectant mothers and compensation to workers in case of accidents; and

(c) *Co-operation* which would enable workers to produce their own goods for their own consumption by the elimination of the capitalist employer and the middleman.

Trade Unions can increase wages by (*a*) raising the standard of living of workers, (*b*) strengthening this bargaining power and (*c*) increasing their efficiency.

CHAPTER XVIII

INTEREST

What is interest?

Interest is the price paid for the use of capital. It is the reward of the service of capital in production. Interest has also been called 'the reward of waiting'. It is a reward to those who have by saving capital postponed their present enjoyment and by lending it facilitated production.

Why is interest paid?

Interest is paid because a loan confers a service. The service of capital in production is rewarded by a share in distribution.

Interest was condemned by all early writers and in all ancient communities because loans were taken for consumption purposes (food and clothing) by the most needy and distressed people in society. Interest bore heavily upon them with their very scanty incomes and was, therefore, condemned.

In our times, most loans are for productive purposes. The producer, who borrows capital at 8 p.c. profitably utilises it to-day. He makes 20 p.c. gains with it.

If interest were not paid, there would be according to capitalists, in many cases, little or no inducement to save. And without savings there would be no continuous supply of capital so essentially needed in modern production.

Gross Interest and Net Interest

The distinction between Gross Interest and Net Interest is that the former includes the payment for risk, the latter excludes it.

The payment that is made by the debtor to the creditor for the use of capital inclusive of the payment for risk is known as GROSS INTEREST.

The gross interest consists of two elements :

(*a*) the price proper for the use of capital, and

(*b*) compensation for risks.

The price proper for the use of capital is Pure Interest or Net Interest but in most moneylending transactions the interest charged is more than the pure or net interest and the rate becomes higher in proportion to the risks involved in lending. There are the risks of non-payment of interest or of principal and also the risks of litigation and expensive realisation of dues.

Government and public bodies may borrow at lower rates of interest than private individuals because in the former case the risks are much smaller.

These risks are of two kinds : (a) *trade risks* and (b) *personal risks*.

Certain trades and industries are more risky than others, certain individuals are less reliable than others. The greater the risk, the higher the cost of insurance against risk and correspondingly the higher would be the rate of interest.

Why rates of interest vary in the same country?

The rates of interest may vary in the same country at the same time because of the varying risks and attractiveness of investment. Patriotic loans or defence loans for the defence of one's own country may be floated at low or nominal rates of interest.

Pawn brokers' loans, which are socially looked down upon as a low profession fetch high rates of interest.

How the rate of interest is determined

The *market rate of interest* or the market price of capital (*market value of the use of capital*) is determined by the interplay of the forces of demand and supply.

In other words, *'the interaction of the forces which influence borrowers and lenders results in a price for the service of capital—the rate of interest.'*

When there is a strong demand as against a limited supply, the rate would be high and it would be low when there would be a large supply relatively to a weak demand.

Analysis of the factors of the demand for and the supply of Capital

Speaking generally, the demand for capital depends upon its productivity, *i.e.*, upon the value of what it will produce. To be more precise, the demand for capital depends upon *the marginal productivity* of capital. Capital will be used by each producer and will be in demand so long as it gives him a net yield.

Thus the demand for capital depends upon (*a*) the advantage to be derived from its use, (*b*) the price or interest charged for such use.

The supply of capital, in general, depends upon its cost of production, *i.e.*, upon the sacrifice involved in "the abstinence of the marginal saver." This 'cost' or 'abstinence' is in the postponement of immediate enjoyment of one's wealth to enable some one else to use it meanwhile.

Thus the supply of capital depends generally on the inducement to save, that is, by (*a*) the rate of interest and (*b*) the security offered.

The Socialist Theory

Capital is the product of labour and all income from capital should go to labour. Interest is the outcome of capitalistic exploitation of labour and should be abolished like rent and profits.

Summary

Interest is the price paid for the use of capital.

The market rate of interest is determined by the interplay of the forces of demand for and supply of capital.

CHAPTER XIX

PROFITS

What is profit?

Profit is the price paid for (or the reward of) the services of the entrepreneur in production. The peculiarity as regards profits is that the reward or the price cannot be determined beforehand. Profit is a surplus above cost. It is the residue left to the entrepreneur after rent, wages and interest have been paid.

The older English economists make no distinction between interest and profit. The two are studied by them together because they represent earnings of the capitalist.

Formerly the employer was generally his own capitalist and the income of the capitalist employer was regarded as his profit. This profit included (1) *interest* on his capital and (2) the *remuneration of his enterprise*. With the increasing division of labour in production the capitalists are, in our own days, a class separate from the entrepreneur.

The entrepreneur to-day is *the pivot of industry* on which turn all other factors. When the entrepreneur has distributed the contract wages, the contract rent and the contract interest, whatever remains constitutes his profits. Profit is thus the residual share. It is the remuneration of the organiser for his service of business-management and risk-taking. The services of the entrepreneur have no definite market value as the services of land, labour and capital have.

We find quite commonly that one man in an industry is earning more than another in the same industry. This is because the first man is more efficient and more capable than the other. The more capable the entrepreneur, the better manager and risk-taker he would be. He would make clever bargains with the capitalists, the labourers, and the landlords. He would choose the best lines. He would buy cheapest and

sell dearest. Each man would try to do it but the cleverest man would do it most successfully and he who is the cleverest of all would make the highest profits. The entrepreneur must, therefore, be a man with a great knowledge of men and markets, a man of keen foresight and of superior calculations. He must be able to control labour and to deal successfully with men in general.

Profits are unstable and are never fixed. There is a constant improvement in the methods of production and the man who is unable to take advantage of these improvements would soon be defeated by the man who is more alert and up-to-date. The latter would be able to sell cheaper than the former and would annihilate the former's profits.

Profits, in modern times, has been the great lure to energy in all directions as competition has been the great destroyer of of profits. Where there is a great display of energy by the rival producers it results in the offer of cheaper commodities to the public and profits can be secured only after very hard struggle and competition. Profits under such circumstances are symptoms of progress.

Gross profit and Net profit

Gross profit or the difference between the total income from sale and the total capital outlay includes (*a*) Rent of land owned by the employer; (*b*) *Interest* on capital that the employer may have furnished himself; (*c*) *Depreciation and maintenance charges;* (*d*) *Remuneration of the entrepreneur as such;* (*e*) *Earnings of management chance gains.*

The net profit includes

(*a*) The reward to the entrepreneur for superior ability in risk and uncertainty bearing;

(*b*) deception of other factors of production;

(*c*) deception of consumers;

Characeristics of Profits

(1) Profits are a residual income. Interest and wages are a part of cost, profit is a surplus above cost.

(2) Profits are greatly irregular and unstable. 'Profit is neither wage nor interest, it is a speculative gain.' (Smart). The entrepreneur may have fifty thousand rupees as profits in the year 1928. In 1939 he may have no profits because his market has been captured by a rival producer or because prices have fallen or because wages, interest and rent have risen. This instability is not to be found in the incomes of other groups. Rent, interest and wages are more or less stable and fixed by contract.

(3) Profits tend either to an equality or to a minimum under conditions of competition. Monopoly profit is high profit tending to a maximum rather than to a minimum.

(4) In profits there is a large element of personal rent than in the case of any other agent of production. If a particular entrepreneur is more capable than others, he will earn much larger profits than others will. Rent, wages and interest are, however, more broadly determined and there are no sharp differences of income within the groups.

(5) Profits are the results of fluctuations in prices. If prices rise, profits will increase enormously. If prices fall, profits will decrease or even disappear altogether. Rent, interest and wages are not so directly affected by fluctuations in prices.

Summary

Profits constitute the reward for the services of the entrepreneur in production.

Rent, Interest and Wages are all determined by contract, profit cannot be so determined. It is a residual income—very uncertain in character.

CHAPTER XX

CONSUMPTION

Wants and their satisfaction

The study of consumption is the study of human wants and their satisfaction. Consumption is, in a sense, both the starting-point and the goal of the economic process. It is the starting-point because the desire to consume furnishes the motive for all economic activities. It is the final goal because when men have made efforts and have produced wealth, that wealth has no other purpose than the satisfaction of human wants.

Early neglect of the subject

This subject had been long neglected because of the early difficulties of studying demand in a scientific manner and also because of the failure of our early economists to find out the true relation between wealth and welfare through consumption and distribution.

Importance now recognised

The progress of our science has given us more exact habits of thought and expression and with them a new power to study human wants. The humanitarian spirit of the age also has given us a new motive for this inquiry into wealth in relation to human welfare.

The study of consumption to-day occupies, as it ought to occupy, the central place in Economics because men produce wealth, exchange and distribute it only for the satisfaction of human wants.

Consumption defined and explained

Consumption is the direct satisfaction of human wants by the use of wealth.

As man cannot produce matter, likewise man cannot consume matter. He only consumes *utilities*.

For instance, when we speak of a man as *consuming* two shirts and a coat every year, it is not meant that nothing is left of the shirts and the coat he puts on. We only mean that the use or the *utility* of these goods is destroyed or *consumed* by wearing during the year.

Production and consumption

Consumption and production are correlated.

The desire to consume (or the desire to satisfy our wants) furnishes us with the motive to produce goods. Man must produce if he aims at the satisfaction of his wants. *Man produces to consume.*

Again, it is equally true that *man consumes to produce.* In these days, an army of workers have to be fed, clothed, and housed in order that they may produce utilities, that is, they must first consume so that they may produce.

Characteristics of human wants

We have noticed before that at the root of man's economic activities lie his wants. He produces only because he has to satisfy his wants. Now, we should know something of the nature of human wants.

Human wants are not the same in all countries nor have they been the same in all times. They change and vary as physical, moral, social, political and economic conditions and institutions change and vary.

The modern Hindu has wants which differ from the wants of his forefathers. Again, the wants of an Indian are different from the wants of a European.

The more civilised a community becomes, the more numerous and the more varied its wants are.

"Savages have very few wants but civilised peoples have an infinitely wide range of wants, they desire greater variety of food, greater luxury in dress, greater comfort in their homes."

The larger the wants are, the greater is the stimulus to invention and activity, art, industry and commerce.

The wants of men in general, however, have some *general characteristics* which are of great importance ; and important laws are based on these characteristics.

(1) *Human wants are unlimited in number.* As soon as a particular want of a man is satisfied, he finds that he has other wants.

The first man Adam had very few wants.

But the sons and daughters of Adam like to have delicious food, beautiful clothing, fine houses, automobiles, theatres, cinemas, and what not. *In fact, the capacity of a modern community to enjoy has practically no limit.* The more men have, the more they desire.

(2) *The satiability of any particular want.* Though the wants of men are unlimited in number and *though they cannot all be satisfied, yet any particular want is satiable, i.e., capable of being satisfied.*

It is because every particular want is limited in capacity, a fixed quantity of the object wanted is enough to satisfy the want. The thirsty man wants water to quench his thirst. His want would become less intense after he has drunk the first glass of water, and his want becomes less and less intense with each additional glass, till he reaches the point of satiety. From this we have deduced the Law of Diminishing Utility.

(3) *Wants compete with one another.*

The most urgent wants will naturally come first, and the order would be very largely determined by the *circumstances, conditions of life* and the *preferences* of individuals concerned.

The student who has got a rupee thinks of spending it in various ways. He might think of going to the cinema or he might think of entertaining friends or he might think of buying

a book. He is thus faced with several wants which are competing with one another to be first satisfied by him. From this we come to the Law of Substitution or of Equi-marginal Utility.

(4) *Wants are complementary.* There are some wants which go together and which are to be satisfied together, *e.g.*, the want of pen and ink, paper and pencil, horse and carriage, motor car and petrol.

The Law of Diminishing Utility

Prof. Marshall states the law thus: "The additional benefit which a person derives from a given increase of his stock of anything diminishes with the growth of the stock that he already has."

The law follows from the second characteristic of human wants—*the satiability of any particular want.* Human wants are quite numerous and are, considered as a whole, never satisfied. But if any particular want is singled out, it can be satisfied.

An illustration

A football player, after a strenuous game, feels very thirsty and wants a drink. The first glass of lemonade satisfies a very real and urgent desire. The utility (satisfaction) he derives from the first glass may be supposed to be 100 units.

The club-vendor offers him a second glass—he takes it but not with same relish and satisfaction with which he took the first glass. Let us suppose that the utility (or satisfaction) has diminished to 75.

When he is asked to take a third glass, he is not much inclined to take it. The satisfaction which this third glass would bring him is measured by 50.

When he gets a fourth glass, he feels much less satisfaction than he got from his third glass;—let the satisfaction of this glass be measured by 25.

When he is offered a fifth glass he feels he is 'full'—he has taken as much as he could—the satisfaction is *nil*. The marginal utility is zero. This is the point of satiety. Any further attempt to pour lemonade down his throat after he is full would be a torture to him—making him feel discomfort and would, instead of bringing utility or satisfaction, bring disutility or dissatisfaction or negative utility.

The illustration is given in a table below :

Total no. of glasses of lemonade		Marginal utility	Total utility
(*a*) 1 glass	Utility of first glass 100	100	100
(*b*) 2 glasses	Utility of second glass 100 + 75	75	175
(*c*) 3 glasses	Utility of third glass 100 + 75 + 50	50	225
(*d*) 4 glasses	Utility of fourth glass 100 + 75 + 50 + 25	25	250

Marginal utility and total utility

From the Law of Diminishing Utility we come to the conception of *total utility* and *marginal utility.*

Marginal utility

A person in purchasing a commodity comes to a point where he is on the margin of doubt whether it is worth his while to purchase more of that commodity—whether at that price and in those conditions he should or should not buy. That part of the commodity which lies on the margin of doubt or hesitation and which he is just induced to buy is known as his marginal purchase. *The utility or satisfaction derived from this marginal (which is, in fact, the last) purchase is marginal utility.**

In the illustration given above,

(*a*) when the man takes 1 glass of lemonade—his marginal purchase is the first glass,

(*b*) when the man takes 2 glasses of lemonade—his marginal purchase is the second glass,

(*c*) when the man takes 3 glasses of lemonade—his marginal purchase is the third glass.

The marginal utility, measured in units, in the first purchase—1st glass = 100.

The marginal utility in the second purchase—2nd glass = 75.

The marginal utility in the third purchase—3rd glass = 50.

* Or, if instead of buying it, he makes the thing himself, then its marginal utility is the utility of that part which he thinks it only just worth his while to make.

The marginal utility of any commodity to its owner thus diminishes with every increase in the stock of it.

The marginal utility may come down to zero and there may even be negative utility or disutility.

The marginal utility of money

Like any other commodity money has utility, since we can satisfy our wants with it. Of course we do not value money for its own sake but for what it will bring, that is, for its purchasing power. The utility of money, too, diminishes with every increase in the amount possessed, and the marginal utility of Re. 1 to a person with a large income is very much smaller than its marginal utility to a person with a small income.

Total Utility

Total utility of a commodity is the sum total of the utilities derived from all the units of the commodity, *i.e.*, the total satisfaction enjoyed from the whole stock.

Total utility in the case of (a)—100.

Total utility in the case of (b)—100 + 75 = 175.

Total utility in the case of (c)—100 + 75 + 50 = 225.

The Law of Substitution (or Equi-marginal Utility):—

If a man has something which can be put to different uses he will be inclined to distribute the thing among these different uses in a manner which will give him the maximum possible satisfaction out of these uses.

In other words, the uses will be distributed in a way which will bring the same marginal utility from each of these different uses.

A man has got ten rupees. He is in need of shoes and of clothes. He can buy two pairs of shoes for ten rupees. He can also buy three pairs of cloth with ten rupees.

If he buys two pairs of shoes he will not get the maximum satisfaction out of his purchase, because he will still be in want of clothes and his additional pair of shoes does not give him the same marginal utility as the first pair.

On the other hand, if he buys three pairs of cloth and no shoes he would not derive the best possible satisfaction out of his purchase. He would still be suffering from want of shoes and the purchases of the second and third pair of cloth do not give him the same satisfaction as the purchase of the first pair. The marginal utility in the last two purchases has diminished.

A sensible man would spend ten rupees on the purchase of a pair of shoes and three pieces of cloth. He would thus be satisfying his want of a pair of shoes and also his want of clothes and by the judicious distribution of his money among the several uses he gets the same marginal utility in each of these uses. He gets the maximum satisfaction out of his money. Similarly, a good housewife, who has got a quantity of wool, will try to get the maximum satisfaction out of her wool by distributing it in the making of vests, socks, mufflers, etc.

Classification of Wants

Wants may be considered according to their urgency, attractiveness and durability.

Some wants are more urgent than others. Some things are more attractive than others. Some things, again, give only a very temporary satisfaction, others a satisfaction which continues over a very long period. (Penson).

From the standpoint of consumption we are also to distinguish between (1) *Necessaries;* (2) *Comforts;* and (3) *Luxuries.*

1. Necessaries

(i) *Necessaries for existence*—food, drink, clothing, etc., that are absolutely necessary to maintain life.

(ii) *Necessaries for efficiency*—good housing, good clothing, substantial food, etc., which greatly increase productive efficiency.

(iii) *Conventional necessaries*—things, like tobacco, snuff, etc., the use of which has become necessary through habit or convention. To procure them people sometimes forego certain things that are really necessary for productive efficiency.*

*** The standard of living**

What we think to be necessaries depends to a large extent on what we consider to be a reasonable standard of living. The farmer in England, with his higher standard of living, considers many more things to be necessaries than the Indian peasant with his low standard. But how do we define *"the standard of living"*?

It is not possible to define the conception of the standard of living in precise terms. In a general way, it may be said that the standard of living refers to the economic status of a people, to which it has become accustomed through habit, tradition and social environment. It consists

2. Comforts

Comforts are things which add to the efficiency of a labourer, but the value of this addition is less than what it costs.

3. Luxuries

Luxury has been defined as the consumption of a commodity that is not necessary. Prof. Gide defines luxury as the satisfaction of a superfluous want.

It should be noted that luxury is a relative term. What we think to be a luxury depends on what we think to be necessaries. For example, twenty years ago a motor car was universally regarded as an article of luxury but now it is regarded as an article of necessity by many.

A cup of tea is necessary to the peasant in England, but it is a luxury to the peasant in India.

Luxuries—their social justification.

Though luxuries have been severely denounced by some of our greatest philosophers, luxuries have a social justification, their evils notwithstanding.

(1) From the point of view of *consumption,* luxuries are, to a certain extent, desirable. Luxuries help to raise the standard of life, which in its turn acts as a check on the growth of population and poverty.

(2) From the point of view of production also, luxuries are welcome for their stimulating effects. Luxuries have also been incentives to invention and industrial progress.

(3) From the point of view of the labourer, luxuries are perhaps welcome because of the employment they offer and the improvement in trade they secure.

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in the satisfaction of certain wants, to which they have been long accustomed and the failure to satisfy which would be a source of discomfort and inconvenience. The standard of living is a variable factor.

It is different with different peoples and indeed with different sections of the same community.

The standard of living may refer to the standard of living of an individual but it is in its social aspect that it is more important. "The standard of living . . . . has a considerable bearing on the industrial efficiency, on the social and political organization, on the progress and development of the people as a whole." (Penson).

But all luxury is not justifiable. A distinction is to be made between justifiable and unjustifiable luxury.

A table showing the classification of wants

Wants

- Necessaries
  - Necessaries for maintaining existence
  - Necessaries for efficiency
  - Conventional necessaries
- Comforts
- Luxuries

The terms necessaries, comforts and luxuries may be more closely defined in a table as follows :—(Penson, Vol. II, Pp. 18).

Necessaries ...	for sustaining life for mere subsistence the minimum	*ie.., a reasonable amount of plain, wholesome food, decent clothing, healthy home surroundings.*
Comforts ...	for fuller life for more wholesome existence a decent standard of living	*i.e., better food, clothes and housing with some provision for recreation and amusement and for the satisfaction of intellectual needs*
Luxuries ...	for refinements of life for expensive habits and amusements a more elaborate mode of living	*i.e., costly motor cars, ornaments, table delicacies etc. together with the indulgence of expensive tastes in art, literature and travel*

Laws of Consumption—Engel's Law

Dr. Ernst Engel, an eminent Prussian, laid down laws of consumption after an enquiry in Saxony into the income and expenditure of a number of families—*workingmen, middle class, and men in easy circumstances.* His enquiries revealed that the smaller the income, the greater the expenditure for subsistence. People with a low income spend the major portion of it to satisfy mere animal wants—food, clothing, warmth, shelter, etc. Persons who have larger incomes will spend relatively less on food and clothing but will spend more on education, on the care of their health and on comfort and recreation. This is confirmed by our everyday experience.

The coolie who earns Rs. 15 a month spends Rs. 13 for his food and shelter. The clerk who earns Rs. 50 spends Rs. 40 for food, clothing and shelter. The engineer who earns Rs. 400 a month spends Rs. 300 on food, clothing and shelter and Rs. 100 for the education

of his children, for recreation and for the care of health. The merchant who earns Rs. 3,000 spends Rs. 1,000 on food, clothing and shelter, and spends much more on education, on the care of health, recreation and education.

Consumer's Surplus

The surplus satisfaction a consumer derives from his purchase is known as the consumer's surplus.

This surplus is the excess of utility over cost. For instance, for a small cost of three pice, you are able to write a post card every week to your parents several miles away. You are prepared to spend 4 annas for that post card because you derive 4 annas worth of satisfaction or utility from it. In getting the card for 3 pice you are having a surplus satisfaction or consumer's surplus.

Consumer's surplus—how it is measured

Consumer's surplus is measured by the difference between the total utility of the thing and its total cost.

Total utility—Total cost = Consumer's Surplus.

In the above illustration the consumer's surplus may be measured as follows:—

16 pice − 3 pice = 13 pice.

Summary

Consumption is the direct satisfaction of human wants by the use of wealth.

As man only produces utilities so man consumes utilities.

Production and Consumption are correlated. Man produces to consume as man consumes to produce.

There are certain distinct *characteristics* of human wants. (1) *They are unlimited in number;* (2) *each particular want can be satisfied;* (3) *wants are competitive;* (4) *wants are complementary.*

The Law of Diminishing Utility is that the more we have of a thing the less we want still more of that thing.

The utility or satisfaction derived from the marginal or last purchase is *marginal utility.*

Wants have been classified into

(a) *necessaries,* (b) *comforts* and (c) *luxuries.*

The *surplus satisfaction* a man derives from his purchase is known as his *consumer's surplus.*

CHAPTER XXI.

SAVING AND SPENDING

What are saving and spending?

Income is the central fact of our economic life. It is the connecting link between production and consumption.

What a man gets for what he produces is his income. What, again, a man consumes may be but a part or whole of this income. *Saving and spending refer to the two different ways of using this income.*

The income earned may either be employed in further assisting production or it may be consumed in the immediate satisfaction of wants. *In the former case it leads to saving and investing ;* in the latter case to spending.*

Saving and investing means turning wealth into capital. It should be noted that the task of converting wealth into capital need not be undertaken by the saver himself. The saver may put in his savings in a bank and be contented with interest on what he keeps with the bank.†

Should people save or spend?

It is a much debated issue whether people should spend much or save much to benefit the community. One view is

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* *Mere saving does not help production unless it is invested as well.* A miser who merely saved, and tucked away his money in an earthen jar or hid it under the floor, would not really be thrifty—he would be miserly, his hoarding would be unproductive. The miser is just as useless and unwelcome to society as the spendthrift. The social ideal should be *'necessaries for all before luxuries for any'*. And as such instead of placing the miser and the spendthrift in opposite categories, we should put them together.

† In order that the bank may pay you interest for your money it must lend it to some one who needs it, say, a dairyman who needs another cow but has not the money to buy. The bank's loan will enable him to buy the cow which will yield milk sufficient to pay back the loan and leave a surplus as the dairyman's profit. So, as a result of your saving, there is a slightly larger supply of milk for people who need it. You have an income from interest on your savings, the bank gets its profits on its advances, the dairyman an extra income from the extra supply of milk.

that *all spending is good,* because when much money is spent there is a great deal of sale and purchase, trade is stimulated, business is brisk, and there is prosperity all round. The other view goes to the opposite extreme and is *all for saving* because savings alone are supposed to benefit the community most. According to this latter view, spending means so much money lost, gone to waste ; it is saving that is worth while, for saving would mean that present goods would fructify as future goods, and there would be a continual and progressive increase of the wealth of the community.

Needless to say, both these *extreme views are wrong.* The champions of the former view forget that when all the earnings of the people run out in an orgy of expenditure, no capital would be saved and there would be no further production. Production would be brought to a dead halt.

The advocates of saving commit a similar error. Supposing that all of us were saving what would be the ultimate result? The result would be that all income being employed in production, there will be little or nothing left for consumption. The wants of the people would remain unsatisfied. But without consuming, how would people be fit for further production? Consumption is necessary in order to help forward production. Without consumption, i.e., without the spending of money in the immediate satisfaction of wants, production itself will cease.

The truth of the whole matter is to be found midway between these two sharply opposed views. *Spending is good and even necessary,* but it must needs be accompanied by saving in order that production may continue unchecked. *Likewise, saving is desirable and, indeed, very necessary* but it must proceed with reasonable spending, so that the satisfaction of wants, which is, after all, the motive of production, may take place. As Penson puts it :—"*There must be a balance between Production and Consumption, between Effort and Satisfaction . . . The prudent man thinks of the future as well as of the present, and he uses his income most economically when he*

so distributes his income between spending and saving, between present and future enjoyments as to secure the greatest aggregate amount of satisfaction." This is also the best way of benefiting the community.

Summary

Income is the central fact of our economic life. What a man gets for what he produces is his income. When income is spent in the direct satisfaction of wants it leads to spending, when it is used to assist further production it leads to saving and investing.

Should people save or spend? Is the best way to benefit a community to spend one's own income? From the social point of view is saving always better than spending? There is an element of truth in both.

CHAPTER XXII

THE ECONOMIC LIFE OF THE STATE

The state performs certain functions.

These, in an individualist state, are few, *e.g.*, the maintenance of law and order, the administration of justice.

The functions are, however, much more numerous in modern progressive states where many other functions (*e.g.*, public health, education, transport, posts and telegraphs, care of the poor, the aged and the infirm) have been undertaken on grounds of social utility.

For the proper discharge of these functions, the state has to spend money and must have sources of income.

The principal items of state expenditure are:—

1. **Defence** (army).
2. **Internal order and security** (police and administration of justice).
3. **Commercial Enterprise** (*e.g.*, posts, telegraphs, railways).
4. **Public Benevolence** (*e.g.*, public education, public health, state medical relief, state care of the poor, the aged and the infirm).

There is one noticeable difference between the economic life of the individual which we have studied and the economic life of the state we are studying now. While the individual regulates his expenditure according to his income, the state regulates its income according to its expenditure. The individual adjusts his expenditure to his income but the state first ascertains its expenditure and then it proceeds to adjust its income.

The sources of income of a modern state are:

(1) **State property** (*e.g.*, lands, forests, mines).
(2) **State enterprises** (*e.g.*, posts, telegraphs, railways, monopolies).
(3) **Currency** (*e.g.*, profits from coinage and from paper currency).
(4) **Bequests or gifts from citizens to the nation**

But these are only subsidiary sources of income. *The principal source of income is*

(5) **Taxes, direct and indirect.**

Public Finance

The subject which treats of the revenues, expenditure and debts of public authorities or of governments is known as *public finance.*

The Budget

The Budget is an estimate of the probable income and expenditure in the coming year. The national budget is the estimate of the nation's income and expenditure in the year.

As the Budget proposals—*the proposals for raising revenue and spending them*—have to be formulated in advance for submission to the proper authority for approval and sanction, the budget by its very nature cannot be exact—it is, as has been explained, a probable estimate.

When the income exceeds the expenditure there is a *surplus* and the budget is known as a *surplus budget.*

When the expenditure exceeds the income we have a *deficit* and the budget is known as *deficit budget.*

A public authority, like an individual, may, in the case of a deficit, draw on its savings from the surplus in past years or may borrow. Ordinary deficits are financed by past savings or temporary loans. Large deficits, due to extraordinary causes, are financed by large borrowings for longer periods and also, if necessary, by additional taxation.

TAXES

Taxes

Taxes form the bulk of the state income.

Definition

A tax is a compulsory payment for the general purposes of government.

Two things should be remembered, (1) *a tax is a compulsory contribution to the state,* (2) *the state gives no direct return for it*—taxes are for general and not for specific purposes. You pay a court fee when you want the services of the judge. If you utilise these specific services you are called upon to pay, not otherwise. You pay a tax for no measured benefit to you but for the general order and security you enjoy or for the general benefits of government.

The principal sources of taxation are:

(1) *Customs*

Customs duties are taxes imposed upon commodities when they cross the boundaries of a state or of a customs union (of two or more states). These duties may be on (a) *imports* as on (b) *exports.*

The customs duties may be of two kinds: (i) *protective,* when the duties are designed to protect home industries from foreign competition, and (ii) *revenue,* when the duties are imposed solely for increasing the revenues.

(2) *Excise*

Excise duties are internal revenue duties or taxes levied on commodities produced within the country for home consumption.

(3) *Income-tax*

The income-tax is a tax based and levied upon the income of the tax-payer.

The income-tax is ideally the best as it satisfies all the good canons of taxation and, therefore, in progressive countries it occupies an important, nay, the central place in the tax-system. It is fair and equitable, it is productive, it cannot be evaded easily and it is admirably elastic.

(4) *Land Tax*

The tax on land was formerly the chief source of state income but it has been relegated to minor importance, in later times, by customs and income-tax.

Incidence of Taxes

The *impact* of a tax is upon the person from whom the tax is collected and its incidence is upon the person who *ultimately* pays it.

Thus the *impact of an amusement tax on cinemas is on the proprietor of the cinema from whom it is collected but the incidence or the ultimate burden of the tax falls on the cinema-goers who eventually pay it along with the price of the tickets of admission.*

Direct tax

A direct tax is a tax imposed on the person who pays it himself and bears its burden. In a direct tax the incidence and the impact are on one and the same person, *e.g.,* income-tax.

Advantages

(1) A direct tax, *e.g.,* income-tax, by the provision of exemption and graduation, may be made a progressive tax securing equity in taxation.

(2) It is also economical, the cost of collection is low.

(3) It also satisfies the canon of certainty. The tax-payer knows what he is to pay, when and how. The state is also assured of its income from this source.

(4) Direct taxes are also elastic. They can be adjusted to meet the varying needs of the state.

(5) The citizen is made aware by direct payment of the tax of his responsibility to the state. It thus encourages an active and lively sense of citizenship.

Disadvantages

(1) It is inconvenient because the payment has to be made in lump—also it involves the maintenance of detailed and correct returns and accounts by the tax-payers and by the state officials.

(2) A direct tax has also been said to be a tax on honesty since too often, it is seen, dishonest people are taxed lightly because of the false statements they submit and those who are honest suffer.

(3) The graduation in a direct tax with a view to equity in taxation is bound to be arbitrary.

Indirect Tax

An indirect tax is a tax imposed upon a person who is expected to realise it from other persons. In an indirect tax the incidence or ultimate burden of a tax is on a person different from the person who bears its impact. The burden of the tax is expected to be shifted on to some other person. This last person ultimately pays the tax, though he pays it indirectly and, therefore, feels it little, *e.g.*, the Indian salt tax, the amusement tax, customs duties.

Advantages

(1) It is easier for the state to levy indirect taxes on the poor than levy direct taxes.

(2) Indirect taxes, in addition to direct taxes, help to create a broad basis of taxation without which it is difficult to ensure justice and equity in taxation. Evasions are difficult.

(3) Indirect taxes are not so much felt as direct taxes are and, therefore, are less unpopular. They are collected with greater ease and facility to both the state and the tax-payer.

(4) Indirect taxes on commodities are taxes on spending and, therefore, they do not check savings as direct taxes do.

(5) Indirect taxes on commodities, *e.g.*, taxes on liquor promote social welfare by restriction of its consumption.

Disadvantages

(1) An indirect tax is inequitable. It is regressive in character, falling more heavily on the poor than on the rich. It thus aggravates inequality instead of reducing it.

(2) An indirect tax on commodities to be productive must be levied on necessaries, commodities in general use. A tax on necessaries is generally detrimental to the interests of the nation.

(3) The yield from indirect taxes is uncertain.

(4) Indirect taxes are uneconomical—the cost of collection being heavy.

Taking the balance of advantages and disadvantages of direct and indirect taxes, one may conclude that direct taxes, are, on the whole, equitable, economical, elastic and productive.

How taxes should be levied

Taxes should be levied, according to *sound principles or canons of taxation*, to secure the greatest possible addition to the well-being of the community as a whole.

Persons who pay taxes are very often not the persons who benefit by taxation. It is the rich and the well-to-do who pay taxes and the poor who benefit by them. But the difficulty is that most of those who benefit by state expenditure are unable to bear the tax burden.

The imposition of taxes is, therefore, a very difficult job for the state financier who should be guided by the following principles of taxation.

Principles of Taxation*

The four canons of taxation according to Adam Smith are:

(1) *The canon of ability or faculty.*

The citizen should contribute towards the maintenance of the State each according to his ability. From this it has been

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* The *principles of taxation,* according to Wagner, may be divided into four classes :

(a) *financial,* e.g., taxes should be sufficient and elastic;
(b) *economic,* e.g., taxes should be productive;
(c) *ethical,* e.g., taxes should be general and proportional;
(d) *administrative,* e.g., taxes should have the merits of certainty, convenience and economic in collection.

deduced that the rich should pay more because they are better able to pay taxes than the poor.

In every good tax-system taxes are imposed by the authorities on the basis of ability. Where taxes fall more heavily on the poor than on the rich it is a defective tax-scheme due to the greed and selfishness of the rich.

(2) *The canon of certainty.*

The tax which the subject is to pay must be certain as to the time and manner of its payment. It must also be definite in amount. The tax-payer must be able to know what he is to pay, when he is to pay and why he is to pay. This is also known as the principle of clearness.

(3) *The canon of convenience.*

Other things being equal, taxes should be so selected and so arranged that the tax-payers are put to the minimum of inconvenience.

The tax-gatherer should consult the convenience of the tax-payers about the time and manner of payment.

(4) *The canon of economy.*

Not only the expenses of collection should be small, but a tax should not cause a greater loss to the community than what the State gains from it. A tax should be avoided if it retards the production of wealth.

Also, some other principles of taxation have to be kept in mind to maintain a good tax-system. These are:

(5) *The canon of sufficiency.*

Taxes should be sufficient for the needs of the state.

(6) *The canon of elasticity.*

Government expenses fluctuate from year to year. The tax-system must, therefore, be elastic. In an elastic tax-system, revenue can be increased to meet the increased expenditure. The elasticity of the tax-system is generally provided by the income-tax.

An old tax is paradoxically called a good tax. Since a tax may cause loss, trouble and vexation to the tax-payer, and since these are

not so much felt in an old tax to which the community has accustomed and adapted itself, an old tax is called a good tax.

Every tax bears harshly on some and lightly on others. *Taxes should, therefore, be so devised that they supplement one another and secure, on the whole, the maximum public good.* Since it is impossible to secure absolute justice in taxation *the ideal should be a sort of rough justice for all* by the imposition of taxes which are *simple, stable, convenient, inexpensive, productive, evenly balanced and proportioned.*

Equity in Taxation and how to secure it

The factors which condition justice or make for justice are many and what may be just or equitable from the standpoint of the individual may not be just or equitable from the standpoint of the community.

Equity from the individual standpoint might demand that taxes should be proportioned to benefits received. The more benefits you receive, the more you should pay. But it is fairly well-known that persons who pay taxes are very often not the persons who benefit by them. The rich pay more in taxes but the poor receive more in benefits. If this were the only principle in taxation that people should pay in proportion to the benefits they receive, many of the welfare activities of the modern state, for instance, those for the improvement of the health and education of the masses, would have to be abandoned. Public equity, on the other hand, demands that the state should give these services free to the poor and should tax for this purpose only those who are able to pay. In public affairs or in affairs of state we are concerned with public well-being. *The only test here is the test of public good* and *the equity we should have in mind is public equity.*

The great majority of economists are of opinion that *equity in taxation can be secured by taxing on the principles of ability or faculty.* Each person is to be taxed according to his ability with exemptions for those who are unable to bear the tax-burden. *But how to measure ability? Equal incomes are called upon to support very unequal number of persons.* A bachelor with Rs. 6,000/- a year is much better off than a married man with a family on that sum.

Then as between a man with Rs. 10,000/- a year and a man with Rs. 2,000/- a year, the man with the larger income has much greater proportional ability, because he spends half his earnings on what we would call luxuries, whereas the man with the smaller income spends 90% of his income on what we call necessaries and only 10% on some little comforts.

If *the principle of ability* were taken to mean *equality of sacrifice* in the sense that each one should forego an equal proportion, say 20%, of his income as taxes—then of the two the richer man would forego

only a few and not all his luxuries whereas the poorer man would have to forego not merely the little comforts he had but also some of his necessaries. We thus come to find that although equal proportions have been taken yet the sacrifices have been very unequal. *Thus the principle of proportional taxation in which taxes are levied in direct proportion to income or property does not bring about equity in taxation.*

The right principle of equity is commonly held to be the principle of equality of sacrifice proportioned to the income and needs of the tax-payer.

Taxation, which embodies the principle of proportional sacrifice, *must be progressive. By the principle of progressive taxation is meant in general that the higher the income, the greater the ability and the higher must be the rate of taxation.* To give a hypothetical case, if incomes of Rs. 2,000/- are taxed at the rate of 5%, incomes of Rs. 5,000/- should be taxed at the rate of 10%, incomes of Rs. 10,000/- at the rate of 20% and so on.

Equity in taxation thus does not require rigid equality or narrow uniformity in treatment.

If there is an evil—social, political or economic (*e.g.,* gambling, drunkenness, inequality in incomes)—which needs mitigation or eradication, and if taxation is an efficient or the only remedy, equity not merely sanctions but demands its employment.

Public Debts

All modern governments have large debts—these debts are known as Public Debts.

The debts have been incurred for

(1) wars and special emergencies,

(2) public works, such as, the construction of railways and irrigation works.

(3) a temporary necessity.

Public debt may be (a) *productive* and (b) *unproductive.* When money is borrowed for investment in public works, *e.g., construction of railways and irrigation works,* which would bring a net revenue, it is known as *productive debt.* When, however, the loan is raised for unproductive purposes, such as, a *war,* it is known as an *unproductive debt.*

The Sinking Fund

When a fund is maintained *to sink or redeem debt* it is known as *the Sinking Fund.* In a country with sound finances

contributions are made to the sinking fund regularly and annually. Also occasionally big amounts are made over to the sinking fund for the ultimate repayment of the debt.

Summary

The individual adjusts his expenditure to the income he receives. The state, on the other hand, first ascertains its *expenditure* and then proceeds to devise *ways and means* for financing this expenditure.

The *items of state expenditure are* : (1) *defence,* (2) *internal order and security,* (3) *commercial enterprise* and (4) *public benevolence.*

The *items of state income* are · (1) *state property.* (2) *state enterprise,* (3) *currency,* (4) *bequests or gifts* and (5) *taxes.*

A tax is a compulsory payment for the general purposes of government.

A tax may be (a) *direct* or (b) *indirect.*

It is *direct* when the burden of the tax is borne by the tax-payer.

It is *indirect* when the burden is shifted by the tax-payer to some other person who pays the tax ultimately. Taxes should be levied in accordance with certain well-defined and universally accepted principles or canons of taxation.

According to Adam Smith, the canons of taxation are : (1) *the canon of ability,* (2) *the canon of certainty,* (3) *the canon of convenience* and (4) *the canon of economy.*

Besides these four canons of Adam Smith, two more canons should be noticed : (5) *the canon of sufficiency* and (6) *the canon of elasticity.*

Public debts are debts incurred by Government. They may be (a) *productive* and (b) *unproductive.*

The Sinking Fund is a fund maintained to sink or redeem a public debt.

BOOK II

ECONOMIC LIFE IN INDIA

CHAPTER I

INTRODUCTION

After we have studied the fundamental principles of Economics it is time we look more particularly into the economic conditions in our own country and consider some of the most pressing problems that confront us, Indians, to-day.

India should not be judged by her great ports nor by her rapidly rising manufacturing towns. The real India is still in the villages, which are mainly agricultural, numbering nearly 700,000, in which live 90 per cent. of the people of the land. The economic life and the economic problems of the country are, therefore, to be studied with reference to the Indian towns as well as to the Indian villages.

Everywhere in the world people will be seen to differ in the way they live and get their living. Even within the same country people show wide divergences in their ways of living. This is largely due to geographical differences —differences in the conditions of nature, such as location, size, relief, climate, vegetation, animal life, sources of power and mineral wealth. No two areas of the earth's surface have identical natural environment. Different geographical conditions provide different opportunities for man to supply his needs.

A kindly and beneficent Nature may foster the development of the economic life of a country, as a cruel and niggardly Nature can effectively hamper it.

We should, therefore, begin with the study of the natural environment of the Indian people to know how they help or hinder the economic progress of India.

The economic life of a country is influenced as much by its social and religious institutions as it is determined by its physical or natural environment. The wealth of India depends on her natural resources and on the efforts of her people in utilising and improving them.

We, therefore, begin with a study of these before we take up the study of the important economic problems of modern India.

Natural Environment

1. Contour and Location

Location, size and form are of fundamental importance in social and economic development. Most of the great countries of to-day owe their greatness to favourable location, size and form.

Extent

India with an area of about 1,800,000 sq. miles is the largest of the three peninsulas which mark the southern configuration of the continent of Asia. India is about 2,000 miles long from north to south and nearly 2,500 miles broad from east to west and is twenty times as big as Great Britain. Of the total area of India, more than one-third of the whole lies within the boundaries of the Indian States under the suzerainty of the British Crown, the rest is administered directly by the Government of India.

Boundaries

Bounded on the north by the great Himalayan Range with its snow-clad peaks, on the north-west and north-east by difficult and almost impenetrable mountains and forests, India forms a unit by itself by being bounded on every other side by the sea.

Natural Divisions

India has three well-marked divisions.

(1) *The Himalayas* separate India from the main continent of Asia by their most gigantic and impenetrable mountain barrier in the world and act also as a climatic barrier. Being mostly snow-covered, they are also the perennial sources of the three great rivers, the Indus, the Ganges and the Brahmaputra and their numerous tributaries giving the land and its people an inexhaustible supply of water and fertility and exercising a profound influence on the moral and economic life of the people.

(2) *The Indo-Gangetic plain,* lying at the foot of the Himalayas and extending from Baluchistan to the borders of Burma, is the richest and most populous part of the country. It is watered by the three great river systems of the Indus, the Ganges and the Brahmaputra and has extensive cultivations of *rice and jute in the eastern parts* (e.g., *Bengal, Bihar and Assam*), *crops more mixed and varied in the*

central portions (e.g., U. P.), and *wheat in north-western India* (e.g., the Punjab and Sind).

The western half of the plain is dry and sandy and the eastern half is moist and damp.

(3) *The peninsula proper* with the Deccan in the centre and the coastal fringes on either side is roughly triangular in shape. It is the land of seven great rivers carrying their waters to the Bay of Bengal and to the Arabian Sea through a number of deep valleys.

In parts the land is very fertile specially given to cotton cultivation with its famous black cotton soil. The land is mostly undulating with large forest areas and isolated rock ridges.

These natural divisions account for the extraordinary physical contrasts in the country. From the eternal snows in the mountains one can come to the hot deserts of Sind, from the green vegetation of Bengal and the rice fields of Malabar one can change the scene to the arid and brown North-West Frontier Province.

The geographical location of India and its importance

In all man's activities economic, social and political—location plays a very important part. Industry starts and develops in favourable locations, man's social status is modified and influenced by the conditions which exist in his locality and even the political status of a country or people is profoundly affected by several factors arising from its location.

The location of India, centrally situated as she is, gives her a very advantageous position for trade. Having a long coast-line of about 4,500 miles and with great gateways in the mountain passes of the North-West, India attracted a large volume of foreign trade even in ancient times. Owing to the wonderful development of ocean navigation, and also for political and strategic reasons, the land routes have now become comparatively unimportant. *Foreign trade is now concentrated in the major ports of India, namely, Calcutta, Bombay, Madras, Karachi, and Chittagong.*

The geographical location of the country is also responsible for its climate and rainfall which have an important relation to the density and distribution of population.

2. Climate

India is as vast as a continent and has as such a variety of climates. The temperature in the greater part of North India varies within large limits. In Northern India we have severe heat and extreme cold. The South, due to its proximity to the sea, experiences no extreme climate and the variations are slight. India thus presents strong climatic contrasts. From the cold and bracing climate of the hills we

millions.

have the hot blasts of scorching winds in the Punjab which, in the winter, has a cold that sometimes sinks to the freezing point. In Northern India, in general, it is dry and invigorating, in Bengal and in the South it is damp and enervating. The monsoon is common to the whole of India, so also is the heat of the tropics with important exceptions.

Our activities are largely influenced by the climatic conditions. 'Climate affects man *directly* through its influence upon his body, mind and character; and *indirectly* through its effect upon the plants, animals, soil and even mineral resources.' And thus climate determines the numbers which a particular country may maintain, as it influences how they shall live and get their living. The differences in the climates of India and England are, in large part, responsible for differences in the mental alertness, physical vigour, occupations, customs, manners, homes, food and clothing of the two peoples although there are other causes of these differences. A hot and humid climate like that of India is enervating and is not conducive to diligent and sustained effort. It also produces a certain mental lassitude. The result is that the people mostly lack the vigour and enterprise needed to grow and develop their national resources. The three fundamental elements of climate which all living beings demand and on which their food supply depends are *heat, light* and *moisture.*

Heat and Light

Being a hot country, the houses in India have been built with a view to avoiding heat—the towns have houses with small windows and the villages are generally under the roof of thick foliage with houses so constructed that they permit little sunlight indoors. Thus we have shut out sunlight—the source of health and good spirits and as a result we possess neither physical nor mental vigour.

Temperature

Next to rainfall, *temperature* is the most important feature of weather observations in India from the economic standpoint.

Moisture

The Monsoons

The word monsoon is derived from an Arabic word meaning *season.* Monsoons are the chief *seasonal* winds of the globe and are popularly associated with rainfall in India which occurs at the time of their passage over the country.

In India we have two monsoons—*the north-east monsoon* and *the south-west monsoon.*

The south-west monsoon is of great importance to the whole of India. It enters the country in two currents—*the Arabian Sea current* serving Bombay, the Punjab and the Central Provinces, and *the Bay of Bengal current* serving the rest of of India. The south-west monsoon (which gives us 90 per cent. of our rains) is strong in the months of June to September when we have the season of general rains. The monsoon is not stationary but keeps on moving. Nor is the monsoon period one of continuous rains. Bursts of general rain alternate with partial or general breaks. Yet on the average the monsoon remains steady till about the end of August when it begins to retreat from Northern India and then we have the second half of the wet season leading up to the dry winter or December. This is known as the *retreating south-west monsoon.* It begins early in September and is not completed until the middle of December. This retreat is associated with dry weather in Northern India but with more or less general rain on the Madras coast where October and November are the rainiest months.

The *north-east monsoon,* on the other hand, is established when in winter the land becomes cold and the seas warm and the wind blows from the north or north-east to the seas. Clear skies, fine weather, low humidity, large diurnal ranges of temperature and light, north winds are the usual features of the weather of India during this period. The rainfall is small in amount because the winds are dry since they are of land origin, but even this small rainfall is very important for the wheat crops in Northern India, particularly in the Punjab. It is also responsible for heavy snowfall in the higher Himalayas. For India's agriculture the south-west monsoon which gives us 90 per cent. of our rainfall is, by far, vastly more important than the north-eastern monsoon.

Seasons

The Indian year is divided into six seasons but, for economic and meteorological purposes it may be divided into two seasons—summer and winter. The seasons determine the nature of the crops and affect the social life of the people. From April to June it is dry summer in India and from July to September when it rains copiously all over the

land it is a wet summer. This corresponds to the period of the south-west monsoon. From October the cold season sets in and lasts till March when the summer heat is felt once again. This corresponds to the period of the north-east monsoon.

Rainfall and its importance in India

The chief characteristics of the Indian rainfall are that (1) *it is unequal in its distribution in the country, e.g.,* Cherrapunji has a normal rainfall of 460 inches while Upper Sind has barely 3 inches; (2) *it is irregularly distributed in the year, i.e.,* in one season an area may be deluged with rain, in another it becomes a sunburnt waste with not a drop of rain and (3) *it is uncertain in its coming, i.e.,* the rainfall in India may fail to come as anticipated; it is liable not only to serious shortage but also to total failure.

In India we have some areas which get 'certain' rainfall, *viz.,* Bengal, Assam, Burma, Malabar. Again, there are large areas which are classed as those of 'uncertain' rainfall, *viz.,* the U. P., Rajputana, Bombay, Madras. Upper Sind, Western Rajputana and Western Punjab are areas of drought or no rainfall practically.

Rainfall in India is of the utmost economic importance because 90% of the people live ultimately on agriculture, which, in the absence of any extensive irrigation system, is almost wholly dependent on rainfall. Most of this rainfall, as we have seen, again is dependent on the south-west monsoon on whose course depends the well-being of millions of people in India. To promote their well-being and to assist in their agriculture, *rainfall must not only be sufficient but also timely and evenly distributed.* A shortage of the expected rains brings drought and causes famine; an excess of rains, on the other hand, brings floods and damages the crops. Again, if the rains are too early or if they are too late the harvests may be entirely spoilt.

Thus a good rainfall in India may mean prosperity to millions just as a failure of rainfall may mean suffering to

In India, the importance of rainfall is not confined to agriculture and agricultural people. It is also of supreme importance to India's inland and foreign trade which thrives or lags according to the fortunes of agriculture because most of India's trade deals with agriculture and agriculturists. *Our banking, shipping, railways, manufacturing industries, all have to follow the fortune of the rains* because every one is ultimately largely dependent on agriculture. The revenues and obligations of the Government depend so largely on agricultural prosperity or on good rainfall that the framing of the Budget in India has been described as a 'gamble in rain'.

Rainfall is also the chief factor in determining the density of population and the state of civilisation in any part of India.

C. Geological Composition

Soils

The *Indian soil is rich in many parts,* though it is poor in certain areas as in the deserts of Sind and Rajputana where little can be grown. The soil in the north-west is mostly dry and porous and in some places sandy. In Bengal it is moist and compact. In the deltaic regions of the peninsula it is of clay and of dark colour. (a) *The alluvial tracts* which have been formed along the courses of the great rivers, *e.g.,* the Indo-Gangetic plains, are extremely fertile and are suitable for a large variety of crops and are *economically the most important.* The alluvial tracts are Bengal, Assam, Burma, the U. P., the Punjab, Rajputana, Gujrat, Tanjore and the Godavari area. Most of the *rabi* and *kharif* crops are sown in these soils. The soil is chemically rich but deficient in nitrates.

(b) *The trap soils* cover the whole of the Deccan and a large part of the C. P., Hyderabad and Kathiawar. The trap soil is porous, light and poor. Millets, pulses and also cotton crops are grown on these soils. The Deccan trap soil is known as the black cotton soil from its colour, famous for its remarkable yields of cotton.

(c) The rest of the soils in India are known as *crystalline soils.* They are lacking in chemical properties and are scattered all over India. They are comparatively dry and are sometimes utilised for raising rice crops.

The minerals

India, rich in so many things, is also rich in her mineral resources. She has long been famed for her mineral wealth.

Megasthenes pointed out as early as 300 B.C. that 'India has underground numerous veins of all sorts of metals, for it contains much gold and silver and copper and iron in no small quantity and even other metals.'

As the soil is important to a community so also are the minerals. *In fact, in our days, the mineral resources have come to be regarded as the most important factor in a country's wealth.*

The Industrial Commission in 1918 found that the minerals of India were sufficient to maintain her chief industries and for them India need not go elsewhere. Investigations, in recent times, have led to the discovery and utilisation of rich mineral deposits in many parts of the country which can provide the basis of many new industries. *But the high cost of transport* and *the antiquated and wasteful methods of extraction* have been formidable obstacles.

The chief minerals of India which are extracted on a commercial basis are—

(*a*) *Coal* which is the most valuable mineral product of India is found in many parts of India, *the richest and the most extensive deposits* being in Ranigunj and Jharia in Bengal and Behar. There are also large deposits of coal in Assam and the Central Provinces and small deposits in many other parts of the country, *e.g.*, Central India, Orissa and the Punjab.

Nearly 21 million tons are raised every year and about 200,000 persons are engaged in coal-mining. The output of Indian coal is sufficient to meet practically the whole of the present Indian demand for coal. Its quality is also good—particularly that of Bengal coal.

The present methods of mining have been very strongly criticised. With improved mining operations India can meet the growing demand for her coal for years to come.

(*b*) *Iron*, which is our next important mineral, has been worked in India for a long time and with high proficiency.

India is in a better position with regard to the supplies of iron ore than probably any other country of the world. In

fact, the Indian reserves of high grade iron ore are considered sufficient to meet fully the growing demand for iron and steel not only in the Indian market but also in the surrounding countries. The ore is of a high quality and the compact deposits of iron ore amounting to thousands of millions of tons in Singhbhum, Keonjhar, Bonai and Mayurbhanj are the richest and the most important.

Iron ore is also found in the C. P., Central India, Bombay and Mysore, also in smaller quantities in the Punjab, Kashmir, U. P. and Rajputana but cannot be exploited unless cheaper coal or electricity is available.

Nearly 2 million tons of iron ore are raised every year.

(*c*) *Manganese* is also a very valuable Indian mineral principally used for the manufacture of steel and is also used in the heavy chemical, electrical and glass industries. It is to be found mainly in the Central Provinces, Madras, Bombay and Mysore.

More than a million tons of manganese is raised in India every year, the larger part of which is exported. India is at present the biggest producer of manganese in the world.

(*d*) *Petroleum* is also another important mineral to be found at either end of the Himalayas, *i.e.*, the Punjab and Baluchistan in the west and Assam and Burma in the east. Ninety per cent of the supplies of petroleum in India is obtained from Burma, now separated from India.

India produces but a small share of the total supply of petroleum in the world and imports large quantities from foreign countries.

Other important Indian minerals are *gold* in Mysore, *rock salt* in the Punjab, *mica* in Behar and Madras. Besides, we have *precious stones* and deposits of *tin, zinc, copper, aluminium, lead, silver* and *nickel*.

The position reviewed

The position of India as regards mineral resources is eminently satisfactory excepting in the case of copper, zinc, lead and sulphur whose stocks are inadequate. But no country possesses all it needs and

India is in a better position than most countries of the world in this respect because she is so rich in coal, iron, petroleum and manganese.

But the pity is that Indians have left the exploitation of some of their most important and valuable minerals to foreigners.

Other natural resources in India

There is an extraordinary variety of vegetable and animal life in India and one can find here almost all specimens of fruits, flowers, vegetables, crops, trees and animals. *'India is an epitome of the world'.*

India produces a rich variety of *food crops* (*e.g.*, rice, wheat), *fibre crops*, (*e.g.*, cotton, jute), *oilseeds* (*e.g.*, mustard and linseed), *plantation crops* (*e.g.*, tea, coffee, opium, cinchona) besides, among others, *tobacco and spices of great variety.*

Forests

The *forests* of India not only give us valuable and useful *timber, fodder, fuel* and *grazing facilities* but also supply large quantities of *gums, resins, drugs, dyes* and *tanning materials* for use at home and export abroad.

Fauna

India's live stock or cattle-wealth consists chiefly of *oxen, buffaloes, asses, mules, goats* and *sheep*. Oxen and buffaloes are used for traction purposes, asses and mules as pack animals. Besides, the animal-products serve to supply the people with meat, milk and other articles of diet and with raw materials for their industries such as wool, horn and hides, wax and ivory. A progressive deterioration in the quality of *cattle* of India is feared and the two important factors suggested in cattle improvement are feeding and breeding. The present Viceroy has been giving some attention to both these objects.

Sources of Power

The supply of cheap power is one of the prime conditions of the success of the economic life of a community.

The principal sources of power in India are *coal, wood, petroleum, wind, water* and *hydro-electricity.*

The People

The wealth of a country depends as much on the human factor as on the gifts of nature. If the natural environment and the natural resources are not helpful, men may transfer themselves to more favourable places and, besides, men have, by their own achievements in science, also been able, in our times, to conquer nature. Thus the qualities of the people also determine the amount of wealth a nation

may have. A vigorous and adventurous nation like the British or a progressive and enterprising nation like the Japanese may successfully overcome the national difficulties of their country and come into the forefront. On the other hand, we may have the paradox, as in India, of 'a rich country inhabited by a poor people' if the people are lacking in energy, enterprise, imagination and foresight.

The population of India (including Burma) in 1931 was estimated to be about 353 millions which is nearly one-fifth of the world's total. It exceeds that of China. So India at present is the most populous country in the world. India's population is increasing at an alarming rate—the total in 1941 is expected to reach the huge total of 400 millions

Occupations

India is essentially an agricultural country. Agriculture alone supports 65·6%* of the people. Pastoral and hunting occupations employ another two per cent. Industries support 10 per cent, trade and transport 7 per cent, administration only 1½ per cent and professions and liberal arts a little over 1½ per cent.

Factors affecting the growth of Population

Density

The *mean density* in India, according to the Census of 1931, was 195 per square mile—the density of population varying within wide limits. The density is the *lowest in Baluchistan* with only 9 in a square mile as it is the *highest in Bengal* where there are 646 persons in every square mile.

The differences in density in India are due to many factors such as *rainfall, climate, the soil, the shape of the land surface, security* and *the stage of economic development.* As a rule, the densest areas are those which are freely watered by rains or by irrigation, and where, as such, agricultural operations can be carried on with the greatest ease and security.

Births, deaths and migration

Population is affected by birth, death and migration.

The *birth rate* in India is high, so also is the death rate. The birth rate is high because even beggars marry and beget. Marriage is

* The proportion of the people supported by agriculture shows a fall as compared with the figures for 1921 (which was then 72% as against 65·6% in 1931). This decrease, according to Dr. Hutton, is more apparent than real and is probably due to a large number of females actually supported by agriculture having been wrongly returned as domestic servants.

almost universal and except among advanced sections there is no restraint nor control of births.

The *death rate* is also high specially among infants and married females. Among children, one in every five died within a year of birth. This is due in the main to poverty and want of proper nourishment. It is also due to insanitary ways of living, epidemic diseases yet uncontrolled by the government, the purdah, child marriage and the lack of medical facilities. The mortality in towns is higher than the mortality in villages.

'High birth rates, high death rates, backward industrial conditions, these commonly go together.'

Migration may be *internal* or *external*. When migration is internal, *e.g.*, a movement from the village to the town, there is no change in the total of population—there is only a redistribution of population.

When migration is *external* it affects the population. External migration may be *immigration*, when people come from outside with a resulting increase in population; or it may be *emigration*, when the surplus population goes out to settle elsewhere.

In India we have very little immigration, though on account of over-population there has been *emigration* from India in the past to *South Africa, Kenya, Fiji and British Guiana* among other places. The problems of emigration and of the emigrants must engage our serious attention.

Towns and Villages

India lives in the villages and not in the towns. Only 10 per cent of the people live in the towns—the vast majority live in the villages.

There are *only 30 towns* of any importance in the whole of India whereas there are *nearly* 700,000 villages. The population is mainly rural and towns are comparatively few.

The progress of urbanisation in India has been very slow—the increase of urban population has been less than 1% in the thirty years preceding 1931. Two noticeable features are the *decadence and depopulation of villages and the growth of the large commercial and industrial towns.*

Social and Religious Institutions

In India, as elsewhere, social life, in its origin and development, is determined by, and largely subordinated to, the natural and social environment.

Social and religious institutions and ideals have important effects on the economic life and well-being of the people. Of

these institutions the caste system and the joint family system are the most powerful.

The Caste System

The Hindus who form the bulk of the Indian population have an elaborate caste system.

Of the merits of the caste system it may be said that the caste, originally introduced on the basis of division of labour in society, promoted economic strength and efficiency. Probably it helped to solve racial problems also. *It secured the co-operation of races* and it was also a sort of trade guild. There was a time when the caste organisation was to the Hindu his club, his trade union, his benefit society, his philanthropic society.

It transmitted skill from generation to generation. Moreover, a sort of fellow-feeling grew up among members of the same caste. The caste organisation performed some of the fraternal and militant functions of the modern trade union.

Speaking from an economic point of view, it has had its day. A system that stereotypes society without providing it with a social ladder is a dead-weight on initiative and enterprise. As an economic institution it is breaking up.

As a social institution it has been perverted into a vast engine of oppression and intolerance and has been a disruptive social and political force. In its present form the caste system is indefensible.

The caste system has been criticised because of the following reasons—

(*a*) *it is an obstacle to social and national unity* because it keeps men separate,

(*b*) *it does much harm by putting men in wrong places.*

A Sudra who might be a good teacher and a Brahmin who might be a good tanner are both prevented by caste rigours to get into their proper and rightful places,

(c) *it prevents free movement of labour and capital and the growth of large-scale industries* because under it each man's life and occupation are rigidly governed by caste rules,

(d) *in the case of higher castes it is antagonistic to their appreciation of the dignity of labour* so much so that a Brahmin may not stoop to the occupation of 'the mean'—mean because it is manual labour,

(e) *the caste system thus goes against the principle of equality* and this is very injurious to the political and economic ideals of a community.

A welcome feature is that the Hindu leaders are trying to purge Hindu society of the evils of the caste system.

The Joint Family

The joint family is another characteristic Hindu institution. Among Hindus, *the social unit is the family and not the individual.* Not only the family is joint but the property is joint. And originally every Hindu family, with all the property, was not only joint but indivisible. This is no longer so but until separation takes place the presumption is that the family is joint.

On the subject of the Hindu joint family there are two opposing schools of law. Bengal is governed by the *Dayabhaga* school which gives the head of the family absolute ownership of the property and full powers of disposal. Outside Bengal, Hindus are governed by the *Mitakshara* school which regards the head of the family as merely the manager of the property with no right to sell or otherwise dispose of it except for purposes approved by law. In Mitakshara law the property is held in common by the members of the family, the shares of each can be ascertained only on partition.

The *chief merit* of the institution is that *every one* in the family is *assured of a bare subsistence.* Under it, *everyone gets as fair a start in life as can be given him by the family. It also takes within its fold the weak, the decrepit, and the old.*

Other merits of the joint family are :—

(1) The joint family is organised on the basis of the principle of co-operation and secures many of the advantages of modern co-operation in production, consumption, credit, sale and purchase,

(2) it leads to a more equitable distribution of wealth,

(3) it counteracts the evil effects of the laws of inheritance.

Besides the *social economy* secured, the joint family system is also responsible for much *domestic economy* in a country with low incomes. It *teaches men to be unselfish and sacrificing.* Not only do they enjoy from the common fund or property, they also contribute, each according to his capacity, to the common stock from which they derive their living.

But for the very same reasons, *the joint family system has been the source of many evils.*

It has tended to make men *lazy* and *indolent* and has *taken away the initiative* and *enterprise* so essential for success in our struggle in life.

The commonalty and the organic unity of Hindu society as preserved by the institution of joint family embody a glorious social ideal, that of harmony. But the evolution of modern economic society with its ideals of individualism militates against the continuance of the joint family. As men have become more selfish or 'individualistic' there is to be seen today a general disintegration of the joint family.

Having lost the social ideals of life, we do not, though perhaps we should, seem to regret the passing away of an institution which was as necessary as it was wholesome.

Other social customs and institutions

Early marriage, the purdah, and the lack of female education also lead to social and economic loss.

The rites in connection with births, marriages and deaths have a religious basis and people in India feel it an almost religious duty to spend freely on such rites as also on pilgrimages. This encourages waste and extravagance and often leads to the indebtedness of the people from which they cannot escape.

The religion and the outlook of the people

It is commonly asserted that the religious feelings and sentiments of the people as also their ideals make them disinclined to work for more than a bare living. They look not to the present life but to 'the life hereafter'. Thus there is a fundamentally uneconomic bias of the people.

But the influence of religion has been much exaggerated. In the days of old when the Indians were much more religiously minded than they are now, their religion and spirituality did not paralyse their economic activities. Rather, India at that time attained world-wide fame by her great material achievements in the arts, *e.g., metallurgy,* and the sciences, *e.g., algebra, astronomy, geometry.*

Although the climate is somewhat debilitating, *the greatest hindrance to progress is the lack of opportunity.* This is equally true of industries and agriculture.

Success in agriculture depends more upon the uncertain element of rainfall than upon the labour of man. Such conditions offer little encouragement for honest labour.

The pessimism and the fatalism in the Indian outlook are to-day great hindrances to the material progress of the people.

To win back the lost glories of India and to ensure the conditions of true economic progress it is not only necessary to fight evil social customs and institutions but it is equally necessary to fight this attitude of helplessness and dependence on fate. It is by mass education and by economic and political reforms that this defeatist attitude of the masses can be successfully fought.

Summary

India is as vast as a continent. The country has three well-marked natural divisions: (1) The Himalayan Range; (2) The Indo-Gangetic Plain; (3) The Peninsula proper.

The geographical position of India gives her a very advantageous position for trade. The great ports like Calcutta, Bombay, Madras, etc., have greatly helped the growth of an extensive foreign trade.

As India is mainly an agricultural country her prosperity or adversity depends upon rainfall. The monsoons which are rain-bearing wind-currents, are, therefore, of the greatest importance to the country. Of the two, the north-east monsoon and the south-west monsoon, the latter is more important because it brings more plentiful rains.

The soil of India is very rich and fertile. In addition to that, it contains a large variety of minerals. The mineral wealth of the country

consists chiefly of (*a*) coal, (*b*) iron, (*c*) manganese, (*d*) petroleum. Other important minerals are gold, mica, lead, etc.

The population of the country is about 1/5th of the world's total.

Of the social and religious institutions of the country, the two most important from the economic point of view are: (1) The Caste System, and (2) The Joint Family System. The merits of the Caste System are: (*i*) it was originally based on the principle of division of labour and thus promoted economic efficiency; (*ii*) it also secured co-operation and solved many problems. But in our times it cannot be defended because of the following demerits:—

(*a*) it is an obstacle to social and national unity,

(*b*) it does much harm by putting men in wrong places,

(*c*) it prevents free movement of labour and capital and the growth of large scale industries,

(*d*) under it the higher classes cannot appreciate the dignity of labour and regard manual labour as degrading.

(*e*) it goes against the principle of equality.

The joint family is another Hindu institution. (1) Its chief merit is that it ensures security, every member is assured of a bare living. (2) Under it every one gets a fair start in life. (3) It protects the weak, the invalid and the old who are incapable of doing any work for their livelihood. But it has its darker side too. It encourages laziness and kills enterprise and initiative.

The religious outlook of the people is uneconomic. The people care more for the life hereafter than for their present life. Fatalism and pessimism are the two factors which go against economic prosperity and social progress in India. To ensure economic progress an elaborate reform of social customs and institutions has got to be carried out. Education and all-round reform are the two essential remedies which can bring back to India her lost glory and pre-eminence.

CHAPTER II

THE CONDITION OF THE MASSES

The condition of the masses

India presents a picture of poverty, disease and ignorance the like of which is not to be seen in any other civilised country of the world. *"The extreme, the abject, the awful poverty of the Indian people is a grim fact."* In no other country where the gifts of nature are as plentiful as they are in India is production *per head* so low. In India we have the paradox of a poor people in a rich country.

The average income in India

The average income of Indians per head has been differently estimated by different authorities. Baring's estimate of the average income in India was Rs. 27/- per head per year. Estimates have varied from Rs. 20 to Rs. 116.

But estimated even most optimistically, it is insufficient for even the very low Indian standard of living. In startling contrast to the very low average income in India, in 1926 the income in the U. S. A. was nearly Rs. 2,000 per head per year, in Britain it was Rs. 1,000 and in Canada and Australia it was not less than Rs. 550.

The needs of the Indian are proverbially few. In fact, *the poorest classes* do not know how to keep body and soul together. They have been described as being *"habitually hungry," and they can live only because "they make their own huts in spare time, collect their own fuel" and "scarcely need any clothing."*

Is India becoming poorer?

Despite the great advances in agriculture, trade and industry it is striking that the people are so poor in the midst of seeming plenty. Some are of opinion that India is getting poorer.

But it must be admitted that even in pre-British days the poverty among the Indian masses was very great.

'I have no doubt that frugal and parsimonious nobles', says Mr. Moreland, 'could be found at the courts and that individual peasants or artisans may have been prosperous or even wealthy, but the broad fact remains that the mass of the nobles were steeped in luxury and that *the mass of the people were miserably poor, poorer even than*

they are to-day.' This is a description of the condition of India at the death of Akbar and would be an equally truthful account of conditions to-day. "The people of India live as fishes do in the sea—*the great ones eat up the little.* For first the farmer robs the peasant, the gentleman robs the farmer, the greater robs the lesser and the king robs all.' (Roe.) All through the ages the peasant in India has suffered through a system of distribution of wealth and income which has favoured the rich and repressed the poor.

Consumption

The chief wants of the people relate to *food, clothing* and *houseroom.*

Many people are so poor that they scarcely get a full meal a day and a yet larger number who do not get two full meals a day. *This is about the masses.* The middle classes are also insufficiently nourished.

The condition of the masses is no better in the matter of clothing. They are very scantily clad even in the rigorous winter.

Not to speak of the poor masses who live in ill-constructed and ill-ventilated mud huts with thatched roofs, even the middle classes are not decently housed.

An insufficiency of food, clothing and houseroom tells on the physical and mental efficiency of the workers and impairs the productive powers of the nation.

Besides the physical necessaries, the people have to be provided with the higher necessaries of life such as *education, sanitation, leisure* and *recreation.*

This would raise the standard of life of the people. But this is dependent on a rise in the present incomes of the people.

The standard of living in India—has it risen?

There are historical causes for this low standard of living in India. In all countries where civilising influences have been at work the normal feature has been not only an increase in numbers but also an increase in wants. In India, however, the standard of life has remained practically stationary with little in the way of inducement to increased production.

No doubt, during the last 30 years, there has been an appreciable rise in the standard of comfort but the great poverty of the people, the lack of education, the prescription of customs and their comparative immobility have greatly obstructed this rise. Indeed so slow has been this rise in rural India that it has not yet had any marked influence on the general life of the country.

The standard of living has been most affected in the towns and cities as a result of the contact with civilisation outside and least affected

in the villages of India which are still isolated self-sufficient economic units.

The Future

In the birth of this new desire for a higher standard of life and in the new surge of national effort and endeavour lie the hope and the promise of *a new economic era* for the country—*an era of all-round material prosperity for the indescribably poor millions of India.*

Causes of Poverty

That the poverty of the masses is real is evident from the sight of miserable and emaciated specimens of humanity in the Indian countryside

(*a*) British rule has meant the impoverishment of the country because

(*i*) there has been a great 'drain' of economic wealth from this land,

(*ii*) the government is very expensive and extravagant in spite of the poverty of the people.

But the abject and awful poverty of the people must not be laid wholly at the door of the British.

(*b*) There are other causes of Indian poverty, no less powerful, in 'religious and social customs deeply ingrained in the people, an inordinate love of litigation, indebtedness to money-lenders, often due to borrowing for ceremonial purposes, and the fragmentation of holdings, arising from ancient laws of inheritance.'

The main causes

The *main* causes of Indian poverty are enumerated below:

(1) The Indian philosophy of life prescribes a limitation of wants and a deliberate lowering of the standard of life. There are many thousands in India who have preferred the beggar's bowl to the sickle and and the hammer.

(2) Women generally have not taken part in the economic life—a large part of the people have, therefore, to live on the earnings of others.

(3) There is no check on the increase in the population despite the poverty of the people. Even beggars marry in India.

(4) In India, nearly 66 per cent of the people are dependent on agriculture (Census, 1931). This excessive pressure of population on land is another cause of poverty. The cultivation of land has become uneconomic because it is excessively "fragmented".

(5) Early marriage and epidemic disease, *e.g., malaria and hookworm,* have sapped the vitality of the race and have made them less productive.

(6) The extravagant social habits* of the poor people have added a further cause.

(7) Religious scruples and prejudices† deeply ingrained in the people sometimes contribute to the poverty of the masses.

(8) The Indian's love of litigation‡ is another cause of his ruin.

(9) The cup of his misery is then filled by the money-lenders§ who lend at usurious rates. And the

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* Though ordinarily thrifty and self-denying, the Indian is subject to periodic fits of reckless extravagance. He would spend the whole year's family income on a marriage festival.

† 'The loss to the cultivating classes through the ravages of animals and birds is incalculable. Monkeys, the peacock and his harem, wild pigs and pigeons destroy a considerable portion of the crops, and the religious objection of the Hindu to taking of life secures for these marauders an immunity found in no other part of the world. The black rat is not only the source of plague, but consumes, on a very conservative estimate, grain to the value of £12,000,000 annually. . . . The monkey and the pea-fowl enjoy special consideration on religious grounds.'

'The veneration in which the cow is held by Hindu constitutes another obstacle. Owing to this sentiment, the destruction of useless animal is impossible, and it is estimated by the agricultural authorities that at least 14,000,000 of the cattle in India are of no economic value whatever—each head of this useless cattle consuming in its lifetime fodder worth nearly Rs. 100/-.'

‡ In the Punjab, every year the cultivator spends 4 crores on litigation, an amount equal to what he pays as land revenue.

§ In the same province, besides maintaining a horde of beggars, the ryot pays out of his very low income 12 crores every year to the money-lenders.

money is often borrowed for unproductive purposes.

(10) The Government of the country must also come for its share of blame because it has neglected the development of the economic resources of the people—particularly their industrial development.

(11) The drain of economic wealth from the country, so much emphasised in certain quarters, is another cause which, although it comes last in our enumeration, is not the least in importance.

Economic Transition in India

"Through the greater part of the country the typical self-contained Indian village community, unmodified for centuries, still exists—an interesting and surprisingly intricate social organism bringing back the memories of mediaeval days—with its landlords and tenants and agricultural labourers, its priest and its *fakir*, its money-lender, and a whole order of artisans—the carpenter, the blacksmith and the weaver, the potter and the oil-presser,—each with his clearly prescribed functions hallowed by centuries of tradition."

This picture of Indian life, true in the main of rural life in India, is being modified by rapid social and economic changes in the country. The organisation of economic life, though it is still largely modelled on the old, is being changed by new methods of production and distribution.

Among these changes are the triumph of the forces of contract and competition over those of status, custom and tradition of old; the villages are more and more being brought into contact with the outside world by the rail, motor and steamship transport and are becoming more dependent on it as they are losing their former isolation and self-sufficiency. Industries are on a larger scale to-day requiring more capital and better organisation. The old handicrafts and the cottage industries in the villages are gradually giving way to the machine industries concentrated in the mills and factories in towns and cities. Division of labour has become more complex because of the extension of the market and the increasing use of machinery. Barter has been replaced by money and credit and banking facilities have been developed.

CHAPTER III

AGRICULTURE

Agriculture in India

In India's 700,000 villages the common interest is agriculture.

The population of India is rural and agricultural rather than urban and industrial. 'The large town and the industrial centre is the exception; the common feature is the hamlet and the village and it is in rural life that both in the past and the present, India found her most distinctive medium of self-expression'.

The country is one of small holdings—the tenant farmer being the predominant type. The land is, generally speaking, fertile—the most fertile areas are in the Indo-Gangetic Plain and in Malabar, the least fertile being the sandy areas in western Rajputana and Baluchistan.

Farming is carried on with a minimum of capital—the capital consisting of a few cheap tools and implements of a primitive type and livestock not very valuable nor very efficient. There is little investment in fencing, farm-building and in permanent improvements. Cultivation is mostly extensive and is practised differently in the different provinces. The actual produce depends, in the absence of irrigation, on the distribution and amount of rainfall.

Very few of the larger landowners take a practical interest in agriculture. They live in towns, leaving the management of their estates to their agents. Indeed the apathy of the zemindar is one of the chief obstacles to rural progress.

Agricultural loans are taken mostly from the village mahajan who is a dangerous necessity. The mahajan has often a lien on the crops. The peasant is industrious and has inherited experience but is poor, has no education, general or agricultural, and his chief want is capital. There is much room for improvement. India has great natural advantages for agriculture.

The Government Departments of Agriculture have been able, in places, to secure for the ryot an increase in the yield and an improvement of the quality—but they have failed to bring him a larger financial return because they have failed to provide him with the necessary marketing facilities. In the absence of regulated markets, the ryot is very often cheated in respect of the price, the weight and the quality of his produce. The most important work in recent times has been the great stimulus and encouragement given to agricultural

research in India but other recommendations of the Royal Commission on Agriculture in India have not been given the same attention.

The crops classified

Eighty per cent of the total cropped area is under *food crops* (*e.g.*, rice, wheat and maize), nearly six per cent under *oilseeds* (*e.g.*, mustard, linseed and castor), and about eight per cent under *fibres* (*e.g.*, cotton and jute). The remainder is covered by *drugs* (*e.g.*, opium) and *beverages* (*e.g.*, tea, coffee).

The Seasons and the Harvests in India

The seasons of India are usually divided into six but the agricultural seasons are divided into two in accordance with the time of the monsoons.

One set of crops, *e.g.*, rice, cotton, jute, is sown in June before the advent of the monsoon and reaped in autumn—this is known as the *kharif* crop and it requires much water. The second set of crops, *e.g.*, wheat, pulses, linseed, is shown at the close of the monsoon and is reaped in late winter and early spring—this is called the *rabi* crop and is *less dependent on rainfall.*

Importance of Agriculture in India's National Economy

Of all Indian industries by far the most important is agriculture. It is the main occupation of the people.

It is not only that ninety per cent of India's population have to live, *directly or indirectly, on agriculture* but that some of our important manufacturing industries such as the cotton and the jute industries are greatly dependent upon it. Cotton and jute have to be grown in the fields before the mills can turn these raw materials into finished goods.

If agricultural conditions are improved, the purchasing power of the ryot will increase. And since the Indian market consists largely of agriculturists, *with the prosperity of agriculture is bound the prosperity of the manufacturing industries also.*

Agricultural products being the chief Indian commodities, *the foreign as well as the internal trade of India depends very much on prosperous agricultural conditions in the country.*

Even railways, posts and telegraph services are more in demand when there is a prosperous agricultural year.

Indeed *a bad agricultural year is a bad year all round*—it means a bad year for the government as it is for the people since the government revenues are largely drawn from agricultural sources.

Condition of the agriculturist

The great masses of the Indian people consist of agriculturists and their condition is miserable. It must strike as surprising to anybody who has seen the ryot at work in the fields of Bengal that in spite of such qualities as honesty, diligence, perseverance and almost infinite patience to which are added Nature's freest bounties of a rich soil and an extensively good supply of water, how very poor and how very miserable the Bengal agriculturist is. Although conditions differ, people in other provinces are in the same plight as the Bengal peasant is.

The Bengali ryot works hard, from sunrise to sunset, day in and day out, in his fields which are fertile and watered in plenty. But when we turn to him and to his house we find that the poor man is unable to provide his wife and children with even two full meals a day. He cannot give them the necessary clothing and the shelter and the protection they need in the rains and in the cold, or relief they want in their sickness.

The crops are produced in due time and, more often than not, in abundance ; but when the unsympathetic zemindar and the exacting mahajan have been satisfied out of them, the remainder is not sufficient to give even a bare living to the ryot and his family.

We must also consider the middleman's share. The ryot loses when he sells his produce as he loses when he buys any articles of food or clothing. When the ryot buys he pays a price which is often much higher than the fair price and when he sells he is usually paid less than what is legitimately due to him. We see the sad spectacle of the zemindar, the mahajan and the middleman fattening at the expense of the poor ryot.

The Agricultural Products of India

Among agricultural products, *crops* are certainly the most important. In progressive agricultural countries *fruit-growing, sericulture, horticulture, dairying, poultry* and *cattle farming* are also done by the agriculturist. In India relatively small importance is attached to these but the revival of Indian agriculture involves careful examination and vigorous development of their immense possibilities in India.

Arboriculture

Arboriculture is systematic cultivation of trees and shrubs. Arboriculture, however, stands for artistic forestry. The subject which deals with the economic development and exploitation of forests is known as *sylviculture*.

There are sylviculturists in the forest departments of the Government of India who are devoting special attention to the conservation and cultivation of Indian forests, and the exploration of new uses and markets for India's forest products. The forests of India can be made an important source of national income.

The utility of forests

Among the natural resources of India, forests occupy an important place. They provide the cultivator with *fodder for his livestock* and offer *grazing facilities* for the cattle. During the famines, the famished villagers live on the *various roots* available in the forests. There are, again, *intimate relations between rainfall and forests* inasmuch as the course of rains is, to a great extent, affected by the presence of forests in a region. Again, the part which forests play in the *protection of soils liable to erosion* has also an important agricultural bearing. They store water and thus *serve to fertilise the soils*. The poor agriculturist gets his *supply* of *fuel* largely from the forests, for, he is too poor to purchase coal at the existing prices. The industrial importance of forests also is great. They supply various industries with necessary raw-materials such as *gum, resins, drugs, dyes* and *tanning materials*. The most important forest product, of course is *timber* which is needed for various purposes. Many of these useful and valuable products are exported. The Government has adopted the policy of protecting the forests from wanton destruction.

Classification of forests.

Forests in India are classified as (*a*) Reserved, (*b*) Protected and (*c*) Unclassed State Forests in descending order denoting the extent of control exercised by the government.

Sericulture

Sericulture means silk-worm breeding and *the production of raw silk*. It was once a profitable industry but is decadent now. Its revival is partly an agricultural and partly an industrial problem.

Sericulture is practised in Bengal, Assam and the Central Provinces and has great possibilities. Mysore is also an important silk producing area—the industry being carefully fostered by the State. In Kashmir the State has retained the monopoly of the silk industry and owns the best equipped silk factory in India. Competition is chiefly from Japan where sericulture is a useful handmaid to agriculture and is one of the chief sources of income of the rural people. With proper methods and organisation it is likely to be a source of wealth to the country—particularly it may be helpful in raising the income of the rural masses.

Pisciculture

Pisciculture or cultivation of fisheries is, in progressive countries, carried on systematically and scientifically. The fish industry in India is carried on in a very inefficient way and there is no systematic cultivation of fisheries. With her numerous rivers, streams, tanks and the surrounding seas pisciculture has a great future in India. Japanese fishing boats operate in the Indian waters near the Andamans while Indians stay at home.

The crops of India.

Among the crops, food crops* in India preponderate with over 80 per cent of the total area sown under food crops and only 19 per cent under the non-food crops.

The principal crops of India are as follows :

Food crops

(a) *Rice* easily takes the first place in crops. Nearly one-third of the total cultivated area in India is under rice. It is the main crop as it is the staple food in Bengal, Bihar, Madras and Orissa. India is an important rice-producing country of the world, being only second to China, yet India proper, since the separation of Burma, is now a large importing country—the bulk of imports coming from Burma.

The problem of securing a fair price for rice and paddy was recently the subject of an enquiry by the Rice and Paddy Enquiry Committee

* Of the food crops, food grains occupy 77% of the area sown and the other food crops together cover only 4%; of the non-food crops, the fibres cover about 8% and oilseeds about 6% and all the other crops the remaining 5%.

in Bengal. They attributed the fall of price to (*a*) decline of exports of rice from Bengal and (*b*) competition of Burma rice export surplus. The Committee suggested that exports should be stimulated and imports restricted.

(b) *Wheat,* which is only next in importance to rice, covers one-tenth of the total cultivated area in India and is grown throughout India but principally in the Punjab and the U. P. where it is also the staple food of the people. It is a *rabi* (winter) crop. India is the third wheat producing country in the world (cotton) and produces one-tenth of the world supply.

(c) *Sugar*—India is the largest producer of sugar, the largest consumer of sugar and until recently, the largest importer of sugar in the world. Sugar-cane is indigenous to the country and at one time India had a pre-eminence in respect of acreage and yield which was lost due to imports of foreign sugar. In recent years, as a result of the rapid growth of an Indian sugar industry under the protection of the state, there has been a great increase in the acreage throughout India but the yield of Indian sugar-cane is poor in comparison with Java, Cuba or Hawaii. The quantity of *gur* produced in India is 4 times as much as the quantity of sugar refined and manufactured. The major part of the sugar-cane crop is devoted to the making of *gur.*

The best sugar-cane is grown in the U. P. and in parts of Behar. Climatically South India is better situated for the sugar-cane crop. Bengal had once a flourishing date-sugar industry which has still great possibilities. Palm-sugar is grown from the juice of palm trees.

Among other important *food crops* may be mentioned *pulses, maize, barley* and *the various kinds of fruits* and *vegetables.*

Non-food crops

Among *non-food crops,* the fibre crops, e.g., *cotton* and *jute* are the most important, next come the oilseeds, e.g., *castor, mustard, linseed, groundnut* and the drugs and beverages, e.g., *tea, coffee, tobacco* and *opium.*

(*d*) *Cotton* is the most important non-food crop and is grown mostly in Berar, Gujrat, the Punjab, Sind and Southern Madras. Of late, there has been a large increase in cotton production in India. Nearly half of India's cotton is exported, and our best customer is Japan. Next to America, India is the second largest producer of cotton.

(e) *Jute* is the next important non-food crop. Bengal has practically the monopoly of the world's supply of jute because 85 per cent of the total jute area is in Bengal. Jute is also grown in Assam and in parts of Behar and Orissa and Madras. Jute is called a money crop or cash crop.

In the year 1936-37 India's exports of raw jute and jute manufactures were nearly 1·8 million tons. Germany is our best buyer with Great Britain coming close behind.

As in the case of rice, the problem of jute prices has assumed great importance in recent years. The Jute Enquiry Committee recommended regulation of the crop, improved facilities for marketing, fixation of grades and qualities and fixation of minimum prices.

The Legislature in Bengal passed the Jute Regulation Act in 1940 to be enforced in 1941.

PROBLEMS OF INDIAN AGRICULTURE

'Agriculture is the main industry of India yet it lags far behind that of other countries.' For instance, India's out-turn of actual sugar per acre is less than one-third of that of Cuba, one-sixth of Java and one-seventh of Hawaii.

The reasons for this lagging behind are not far to seek. Good production depends upon the efficiency of the four factors, land, labour, capital and organisation. But in the case of Indian Agriculture, the factors are mostly inefficient.

The defects and difficulties of Indian agriculture

The defects and difficulties of Indian agriculture should be studied under the following heads:

1. Land

Briefly speaking, the difficulties of Indian agriculture under the head 'Land' are with regard to water, manure and fragmentation of holdings.

(a) Water

The Indian soil is dry. Generally rainfall is uncertain, insufficient and not properly distributed. The irrigation works which have been constructed are also inadequate. They cover only one-fifth of the entire cultivated area. The productivity of land is, therefore, dependent on rainfall in the absence of irrigation. The life of the ryot is thus somewhat precarious.

(b) Manures

Continuous cultivation of the land for centuries has diminished the fertility of the soil. This may be restored by the

application of manures. The cheapest and the most suitable manure that can be used by the Indian agriculturist is cowdung. But cowdung is used as domestic fuel in the form of cakes because most people have not got the means to buy other fuel such as wood and coal.

(c) Sub-division and fragmentation of holdings

"One of the principal handicaps of Indian agriculture is the endless fragmentation and subdivision of land". The size of the average holding in India is too small.

Laws of succession and of inheritance have led to the sub-division and fragmentation of holdings. Very small plots of land in existence have made profitable cultivation almost an impossibility. Subdivision leads to smallness and fragmentation leads to scatteredness of the holdings. There is unnecessary wastage of land, loss of time and crops and increase in the costs of cultivation. For the same reason, large-scale operations, with the use of machinery, are not possible.

Suggestions for improvement

Water—The difficulties may be solved by an *adequate extension of irrigation works—canals, tanks and wells*—which will make the peasant independent of the whims of Nature.

Manure—These difficulties may be overcome by (1) arranging for cheap wood and coal as our domestic fuel leaving *cowdung as farm manure* and by (2) *the introduction of chemical manures.*

The deterioration of the soil can be arrested also by a *rotation of crops.*

Fragmentation of holdings—The small unprofitable plots of land may be consolidated into big and paying plots by (1) *legislation* or by (2) *voluntary agreement or co-operation.*

Legislation or state intervention has failed because people do not like to be forcibly dispossessed. But where the advantages of consolidation have been pointed out to them as in the Punjab, they have voluntarily agreed to such consolidation through co-operative societies.

2. Labour

Indian agricultural labour is certainly orthodox in its methods but cannot be said to be inefficient.

High tributes have been paid by competent foreign observers to the skill and native ability as also to the honesty, sobriety, diligence and patience of the Indian *ryot*.

He is not only poor but also unenterprising and unambitious. His great drawback is his lack of education. The illiteracy of the ryot stands in a great measure in the way of his utilising the new discoveries of science and the new inventions in machinery for the improvement of the agricultural methods. His illiteracy is also responsible, to some extent, for his being duped by the middleman, who is often the mahajan.

A problem very closely connected with the efficiency of labour is that of human nutrition. The nutrition problem is really an economic problem—how to improve the diet of an impoverished people?

Labour conditions in Agriculture

In India the major part of agricultural labour is family labour devoted to farming on the family account. *Hired labour is employed only occasionally* in ploughing, sowing, weeding and harvesting. Every 100 cultivators employ 25 hired labourers on an average. These hired labourers, not many in number, are *mostly landless*, but where they own land it is so small that it fails to give them the bare subsistence they require. The *wages are incredibly low*—there are places where for a day's work wages are 6 pice for an adult male and 3 pice for a female labourer. The *wages remind one of the days of slavery* and *serfdom*.

The agricultural labourer has the same deficiencies as the cultivator. A rise in his wages would help him in raising his standard of life and his standard of efficiency.

Suggestions for improvement

To improve agricultural labourer, what is most necessary, therefore, is the removal of illiteracy, conservatism and pessimism which characterise our peasants to-day.

3. Capital

Capital is an essential factor in agricultural as in all other industrial operations. The agriculturists have to keep them-

selves going for those months which must necessarily intervene between the sowing of seeds and the reaping of the harvest. But in most cases they are extremely poor and have no cash resources to fall back upon during these months.

Credit is thus a necessity in agriculture not only in India but throughout the world. The farmer needs credit for the purchase and improvement of land, for equipment including agricultural tools, implements, machinery or cattle, and for buying seeds, manures and fodder as also for paying wages to labourers. Easy credit, often beneficial, may sometimes be injurious because, as in India, it may lead the ignorant and thriftless to reckless borrowing.

The Indian peasants are forced to obtain credit from the village money-lender in the absence of any other credit organisation which can lend money at low rates of interest. The village money-lender, as is well known, lends money at very high rates of interest. Over and above these high rates of interest, the unlettered cultivator is often a victim of falsification of accounts by the unscrupulous mahajan. The result is that once a poor agriculturist falls into the hands of the money-lender he is unable to free himself from the tentacles of the octopus.

Suggestion for improvement

The primary solution of this problem must be sought in co-operation. There should be a co-operative credit society in every village to minister to its needs. The building up of a co-operative credit organisation in India, based though it is on self-help, depends on public support and sympathy which should be forthcoming for such a deserving cause.

4. Organisation

Speaking of Indian agriculture, there is practically no organisation to meet the changed economic conditions. The lack of organisation is its most potent defect.

The exploitation of the agriculturist by the middleman is easy because the farmers are absolutely unorganised both as producers and as consumers.

Organisation

Organisation of agriculture can be considered from two standpoints : internal and external.

(a) *Internally,* under the impact of western civilisation there has been a disorganisation of the old village community. The need is felt to-day for rebuilding this village community life. It is difficult to say whether the rural agricultural life can be reorganised on the old basis or it has to be built on new foundations altogether. It has been suggested that around the village co-operative bank, the village school and the village council or punchayet this village community life can be organised but it has to be remembered that these institutions have not their roots in the peasant masses and as such cannot be good foundations for the new social and economic structure. These foundations must be laid on peasant life in villages and must be related to the life of the larger community outside.

(b) *Externally.* In its external aspect the problem is the proper organisation of peasants against capitalists and middlemen who at present exploit them.

The most effective remedies suggested at present are the improvements in marketing and finance of crops.

The rural **marketing problem** has come into great prominence in recent times.

Difficulties of marketing of crops in India

A good farmer keeps one eye on the plough and the other on the market. But the Indian cultivator markets his produce under the most disadvantageous conditions :

(*a*) those arising from his imperfect knowledge of the market conditions and prices, absence of standards of quality, weights and measures, irregular allowances and deductions by the buyers, difficulties of transport and the presence of too many middlemen, etc.

(*b*) those arising from the absence of his own class organisation—economic and financial—to back him up against an unscrupulous market.

The meagre holding power of the ryot and the absence of financial facilities are responsible for his being forced to sell at any price he can obtain.

The regulated market was recommended—and on the Berar model—to remove some of the difficulties of the cultivator in these respects. Establishment of regulated markets, improvement in communications, dissemination of market prices, grading, uniform standards of weights and measures, establishment of banks and warehouses have been suggested to ensure that the cultivator producer receives a fair deal, a fair price and the whole of the market price minus reasonable market charges and that he is no longer cheated and exploited by the

faria, bepari or mahajan. The malady is so deep seated that it is difficult to imagine any substantial remedy to cultivators through mere legislation and administrative palliatives.

Suggestions for improvement*

Agriculturists may protect themselves against the greed and the unscrupulousness of the middleman by co-operative organisation. Co-operation, again, can protect the poor Indian ryot from the clutches of the mahajan.

Demonstrations at agricultural shows and fairs will help to introduce improved implements, good seeds and suitable manure. Scientific research can aid a great deal. Marketing information and organisation shall enable the ryot to sell his produce to better advantage.

But *the initiative in all this must be taken by the Government.*

The spread of agricultural education, at least the removal of illiteracy, is however a necessary condition for an intelligent understanding of the problem and its solution on co-operative lines. Great emphasis must, therefore, be laid on primary education being widely diffused among the masses.

What the Government has done for the improvement of Indian agriculture

(1) The Government has organised *agricultural research* which is the basis of agricultural progress. It has also promoted scientific agriculture. The *Imperial Council of Agricultural Research* guides and co-ordinates such research and scientific work in India.

(2) The Government also maintains a few *schools and colleges* for agricultural education in India.

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* *Dr. Voelcker's suggestions for the improvement of Indian agriculture* (1893).

(1) the spread of general and agricultural education.

(2) the development of irrigation including a survey of the irrigation needs in each province.

(3) *takavi* loans (agricultural loans by the government).

(4) the creation of fuel and fodder reserves and afforestation.

(5) agricultural research.

(6) introduction and distribution of new seeds and implements through government experimental farms.

(7) stud bulls for improved breeding of cattle.

But the most important contribution to India's agricultural improvement was made by a Royal Commission on Agriculture in India (1926). Its chairman was the Marquis of Linlithgow, India's present Viceroy.

(3) The Provincial Departments of Agriculture also carry on *demonstration and propaganda* in their respective provinces.

(4) *The Government has tried to check,* though *unsuccessfully, the fragmentation of land by legislation.*

(5) The Government has also arranged with the District Boards for the *treatment of cattle diseases.*

(6) The Government is also growing alive to the *other needs of agriculture in India, e.g., communications and marketing, village sanitation, rural industries and labour.*

(7) But the substantial government achievement in the way of India's agricultural progress is in the provision *of irrigation facilities,* particularly, in the Punjab, Bombay, Sind, the C. P., and the U. P.

(8) Lastly, the Government has tried to solve the very crucial problem of *agricultural finance* in India by the *official support and encouragement it gives to the co-operative credit movement in India.* Its earlier efforts in that direction by the grant of agricultural loans (*takavi*) have failed.

But more should have been done by the state for agricultural education, rural health and sanitation, development of transport and markets and encouragement of industries subsidiary to agriculture.

Conclusion

The improvement of Indian agriculture lies broadly in the removal of the drawbacks of Indian agriculture already considered (under the heads of the four factors of production—land, labour, capital and organisation). *'Of all the factors making for prosperous agriculture, by far the most important is the outlook of the peasant himself.'*

The other limiting factors in India are finance and leadership.

To overcome the inertia of centuries, it is essential that all the resources at the disposal of the state should be brought to bear on the problem. Agricultural prosperity cannot be secured by the half-hearted measures on which the state has embarked to-day. Public sympathy has to be kindled, public

interest has to be roused, public support has to be enlisted for the great cause of agricultural reform in India. The state should not stop halfway but should march boldly forward.

The essence of agricultural reform in India, according to Prof. Brij Narain,* *lies in*

(1) *the diversion of surplus agricultural labour to manufacturing industries* by the adoption of an intensive policy of industrialisation,

(2) *the 'nationalisation'* of land, and

(3) *more active participation of the state in agriculture.*

Agricultural Planning

The great need to-day is a planned programme of economic reconstruction. When the Congress was in office, the National Planning Committee was appointed and did some very useful and valuable work.

Progress in India shall be measured by the progress of India's peasant millions and the objective which the Planning Committee set before itself was 'Food for India's 400 millions and that within the country'. The plan to be effective must cover (*a*) Crop planning and agricultural production, (*b*) Animal Husbandry and Dairying, (*c*) Social conservation and afforestation, (*d*) River training and Irrigation, (*e*) Rural marketing and finance, (*f*) Land Policy, agricultural labour and insurance.

Summary

The most important Indian industry is agriculture which maintains directly and indirectly nearly 90 per cent of the people.

The defects and difficulties of Indian agriculture may be noticed under the four heads :

(1) Land—difficulties as regards *water, manure* and *fragmentation.*

(2) Labour—the principal difficulties are *illiteracy, conservatism* and *pessimism.*

(3) Capital—the *absence of cheap credit facilities.*

(4) Organisation—*the entire lack of organisation* is the most potent defect of Indian agriculture.

The essence of the reform of agriculture in India lies in

(*a*) *the development of manufacturing industries* to absorb the surplus population now living on land;

(*b*) *nationalisation of land;*

(*c*) *more active participation of the state* in agriculture.

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* *Indian Economic Life.*

CHAPTER IV

AGRICULTURAL INDEBTEDNESS IN INDIA

'The agriculturist in India is born in debt, lives in debt and dies in debt.'

The Extent of the Debt

The Famine Commission of 1880 reported that one-third of the agricultural classes were deeply and inextricably in debt and that at least an equal portion were in debt though not beyond the power of recovery. The Commission of 1901 came to the conclusion after an enquiry in Bombay that less than one-fifth of the people was free from debt—the rest were in debt.

And most of this debt is contracted for unproductive purposes.

The amount of the debt has been estimated at various figures. One estimate—that of the Banking Enquiry Committee—is 900 crores. *The most recent and authoritative estimate is that of the Reserve Bank of India which places the rural indebtedness at about 1,400 crores.* It is widely believed that the indebtedness has gone on increasing and it is sometimes argued that the growing indebtedness is due to the increasing poverty of the people. The money has been lent at various rates of interest, the average being 25 per cent—the highest on record is 1340 per cent.

Since then there has been a great fall in prices. There has been in consequence an increase of agricultural indebtedness the real burden of which could be near about the round figure of 2,200 crores.

The importance of the problem of agricultural indebtedness

'In India the problem has assumed exceptional importance, not because indebtedness has been exceptionally great nor because it has been due to increasing poverty but because it has been accompanied by exceptionally disastrous effects. The Indian borrower has borrowed

at exorbitant rates for mostly unproductive purposes and stands little chance of ever freeing himself from the debt burden. *In India indebtedness is permanent.'*

In other countries, even in the U. S. A., the farmers borrow but they borrow for productive purposes at economic rates and for temporary periods.

Causes of Agricultural Indebtedness

Let us now examine the causes of agricultural indebtedness in India.

(1) *The Indian agriculturist has a precariously narrow margin of existence.* It has been estimated that out of every five years one is good, one is bad and the other three are indifferent. In a good year he has sufficient to eat but not sufficient to save. In bad years he must, therefore, go to the money-lender.

The precariousness of his existence *comes from*—

(*a*) *the uncertainty of rainfall,*

(*b*) *an excessive dependence on land as the sole means of subsistence*—in most cases there being no alternative or supplementary occupation.

(*c*) there being *more men trying to live on the land than it can maintain*—overcrowding in agriculture.

The overcrowding in agriculture has been a very important cause of agricultural indebtedness.

(2) To this must be added *the easy borrowing facilities* offered by the wily money-lender* which *lead to other causes* of indebtedness *such as*—

(*a*) *the purchase of land on credit,*

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* About the Indian money-lender there are two opinions, one of which regards him as friendly and beneficent to the Indian ryot supplying his needs and maintaining him in his misfortune. Others regard him as a modern Shylock, cruel, greedy and unscrupulous. As there are no other credit facilities in the villages excepting what he gives, he fills an important gap and is a necessity. *But 'he is most undoubtedly an expensive and dangerous necessity.'* (Nicholson).

(*b*) *borrowing at high rates of interest* in excess of their productive requirements,

(*c*) *the extravagance and the thriftlessness of the* cultivator.

(3) *The inordinate love of litigation* is another fruitful source of agricultural indebtedness in India.

(4) Lastly, the peasant's debt burden increases because of *uneconomic production* due to—

(*a*) *the cultivation of small, uneconomic plots* fragmented and sub-divided under the laws of division and inheritance of property in the country.

(*b*) *the absence of any producers' organisation* which would secure fair prices for the produce of their toil and industry.

(*c*) *the heavy burden of the land tax* in India.

Remedies

The remedies should be sought in—

(1) *increasing the cultivator's margin by the provision of irrigation facilities* and *by the provision of alternative* and *supplementary sources of income* (*e.g.*, development of cottage industries).

(2) *more economic production* through a consolidation of holdings, a proper organisation of producers and a reduction of taxes and, most important of all,

(3) the *provision of cheap credit* so essential to Indian agriculture, but *with thorough safeguards*. In this lies the most important solution of the problem of agricultural indebtedness in India.

Measures adopted to check agricultural indebtedness.

1. Prevention of alienation of land

By the curtailment of the peasant's right to sell or mortgage his land as in the Punjab (the Punjab Alienation of Land Act, 1900) the state is trying to check the evils of indebtedness such as dispossession from land by the money-lender.

2. Cheap government advances

The Government have, sometimes, helped the cultivators with *takavi loans* under the Land Improvement Loans Act of 1883 and the Agriculturists' Loan Act of 1884. But the *takavi loans* have not proved very popular nor have they been sufficient.

3. Co-operative credit

The stupendous problem can best be solved by co-operative efforts. The extension of co-operative credit on the Raiffeisen plan in India bids fair to furnish the most satisfactory remedy for agricultural indebtedness in India.

4. Control of Usury

The government has also tried unsuccessfully to control usury by legislation. Under the Usurious Loans Act, 1918, if the court is satisfied that the interest claimed is excessive and the transaction unfair, it may reduce the rate to what it considers fair and equitable.

In some provinces the legislature has also tried to fix the maximum legal rate of interest and no *mahajan* can claim legally more than this legal maximum.

Attempts have also been made to control the money-lenders who are required to keep regular accounts so that the scope for fraud may be minimised.

5. Debt Conciliation

In almost all provinces *e.g.*, in Bengal, the Punjab, the U. P. and the Central Provinces, the legislature has also provided for means of settlement of debts of peasants who find themselves so heavily indebted that they cannot pay their debts in full. The Royal Commission recommended further the enactment of a simple Rural Insolvency Act to free the masses from their bondage of debt and to give them a fresh start in life unhampered by the past. The Bengal Agricultural Debtors' Act empowers the Provincial Government to set up Debt Conciliation and Settlement Boards in each local area for relief of agricultural debtors. In the U. P., the relief has been extended to workmen besides agricultural debtors.

6. The Land Mortgage Banks

The problem of rural indebtedness has two aspects—(1) liquidating the past—removing the accumulated burden of past debts by Debt Settlement or Conciliation Boards and (2) safeguarding the future—by building up a new credit structure. In Bengal only 5 Land Mortgage Banks have been started and that on an experimental basis under Government auspices.

The problem is so great and the measures taken have been so niggardly that it is difficult to believe that the authorities are at all serious about this very important task. The Reserve Bank of India in its Agricultural Credit Department has a special responsibility in the matter.

Summary

'The agriculturist in India is born in debt, lives in debt and dies in debt'. The debt is often unproductive and is incurred at high rates of interest. It, therefore, grows and crushes the peasant with its heavy burden.

The causes of agricultural indebtedness are :

(1) *the precariously narrow margin* of existence of the cultivator due to

(a) *uncertainty of rainfall;* (b) *excessive dependence on land;*
(c) *the operation of the Law of Diminishing Returns;*

(2) *the easy borrowing facilities* given by the mahajan leading to—
(a) *purchase of land on credit;* (b) *borrowing at high rates;*

(3) *the habits of litigation;*

(4) *uneconomic production due* to
(i) *'fragmentation' of land;*
(ii) *lack of organisation;*
(iii) *the burden of the land revenue.*

The remedies lie in (*a*) *increasing the cultivator's margin,* (*b*) *more economic production,* (*c*) *the provision of cheap credit with thorough safeguards,* (*d*) *control of usury and* (*e*) *debt conciliation.*

Cheap credit is at present being given by *co-operative credit societies.*

CHAPTER V

CO-OPERATION AND THE CO-OPERATIVE MOVEMENT IN INDIA

Whenever a number of persons come together in order to secure a common object by joint effort they are said to co-operate.

But Co-operation in Economics has a more precise meaning.

What is co-operation

Co-operation is "the association of individuals to secure a common economic end by honest means."*

The essence of co-operation is the doing away with competition.

The aim of co-operation

The aim of Co-operation is to secure the material, and through the material, the moral advancement of the people.

Co-operation aims at "better business, better farming and better living."

Fundamental principles of co-operation

(i) *The principle of free association.*

The members of a co-operative society associate voluntarily. There is no compulsion, for compulsion cannot make a man a true co-operator.

(ii) *The principle of proximity.*

The society is strictly local. The success of a co-operative society depends on mutual knowledge and understanding among the members. The members must be people who have proximate or common interests because of a common locality (village or town) or of common business interests.

(iii) *The principle of equality.*

A co-operative society is an association in which all members have the same status. No member is allowed to have more than one vote.

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* Co-operation in India—C. F. Strickland.

(*iv*) *The principle of solidarity.*

The motto of co-operation is "*all for one and one for all*". The members stand or fall together.

(*v*) *The principle of economy.*

A co-operative society is not a club to which people who are well off come for recreation. It is an association of small, humble people such as cultivators or artisans who by their joint efforts try to secure their common economic welfare. To secure that end a co-operative society should not only practise the virtues of thrift and economy but should also inculcate those virtues among its members.

(*vi*) *The principle of peace.*

Underlying co-operation is another great principle—that of peace.*

Co-operation is the way of peace and not the way of strife. By eliminating the middleman, the money-lender and the capitalist producer, co-operation brings peace in place of strife and discord.

Qualities necessary in a co-operator

For the success of a co-operative society the members must have certain qualities. These qualities have been already hinted at in discussing the principles of co-operation. We may note them more definitely in the following manner.

(*a*) *Intelligence.* The co-operator must be intelligent enough to understand the principles and the working of the society.

(*b*) *Honesty.* The co-operator must be honest in his dealings with the society. For instance, he should not deliberately delay the repayment of the loan he has taken, nor should he misappropriate anything belonging to the society.

(*c*) *Thrift.* The co-operator must not be extravagant. For instance, he should borrow for productive

* Laws and Principles of Co-operation—Calvert.

purposes only so that he may be able to repay his loan in due time.

(*d*) *Fellow-feeling.* Last, though not the least, the co-operator must not be guided by self-interest. He must learn to sacrifice for the common good.

Different forms of co-operation

There are different forms of co-operation.* Co-operation may be tried both in production and in consumption.

Cultivators and artisans may have different needs.

When their need is to secure a better market for the goods they produce, they may organise a *Co-operative Sale Society.*

They can buy articles at reasonable prices through the *Co-operative Purchase Society.*

When they want loans at low rates of interest, they can have the *Co-operative Credit Society.*

The fundamental principles of the co-operative credit organisation

(i) *Proximity.* The society is a local one. Its members are persons living in the same area, and its activities are confined to the area from which the members are drawn.

The principle of proximity is insisted upon because of the necessity of intimate and first-hand knowledge.

(ii) *Economy.* A co-operative credit society cannot afford to be extravagant and must practise economy.

(iii) *Security.* The loans should be well-secured. They should be granted for productive purposes alone. Large reserves should be built up to enable the society to tide over temporary difficulties.

(iv) *Solidarity.* The members are jointly liable for any amount borrowed by the society. The security of an individual member with small means may be too weak to induce any bank to lend, but when the members are jointly liable the joint security becomes strong enough to induce investments.

(v) *Facility.* The members are mostly cultivators or artisans. They cannot pay any heavy interest, neither can they repay the loan within a short time. So they must be offered easy terms—loans must extend

* The Bombay Act of 1925 adopts a scientific classification (*a*) a resource society, e.g., credit, (*b*) a producer's society, (*c*) a consumer's society, (*d*) a housing society, (*e*) a general society, one not falling under any of the above heads.

to long periods, repayments should be by easy instalments and the interest should be low.

(vi) *Thrift*. The society to be a useful institution must encourage habits of frugality and thrift.

The need of co-operation in India

It is universally recognised that credit is a necessity in all agricultural countries. 'But this does not mean that the Indian ryots must borrow freely, annually and continuously'.

On account of poverty, ignorance, and want of foresight, the Indian ryot borrows in excess of his agricultural requirements.

As the government has not been able to provide for proper credit facilities, the ryot is driven to the mahajan. The Indian 'mahajan' is a usurer by profession. He often charges 37½ per cent. interest *plus* compound interest *plus* false accounts. He also encourages extravagance and improvidence by lending to poor people for unproductive purposes, *e.g.*, a marriage feast or for litigation.

Thus the indebtedness of the ryot grows from year to year. His difficulties are further increased because "what he produces he sells to a middleman, what he buys he buys from a middleman at a price dictated by the middleman."

The solution of the poverty and indebtedness of the Indian ryot lies in Co-operation—in the elimination of the mahajan and the middleman.

History of its origin

The suggestion of this form of economic salvation for the indebted peasantry came first from Sir Frederick Nicholson towards the end of the last century. He had been to Germany to study the progress of co-operation there. He came back with the German remedy of co-operation which he put in two words *'Find Raiffeisen'*.

This *Raiffeisen*, a philanthropist and social reformer, found the German *peasantry* demoralised through the crushing burden of debt. He infused new life in them, freed them from their debts, made them healthy and prosperous by the establishment

of co-operative credit societies among them. The type of society he founded goes by the name of the *Raiffeisen society.*

At about the same time *Schulze,* of the town Delitzsch, also deeply stirred by the poverty and misery around him, started Co-operative Credit Societies to improve the economic condition of *petty traders and artisans.* The type of society he founded is known as the *Schulze-Delitzsch society.*

The Progress* and Development of the Co-operative Movement in India.

The development of the Co-operative Movement in India is to be traced to the Co-operative Credit Societies Act of 1904. It provided for the establishment of credit societies in villages on the Raiffeisen model† and divided the societies into (1) *Urban* and (2) *Rural.*

The credit society, composed of the villagers themselves, provides the ryot with the finance he really needs at a reasonable rate of interest and checks extravagance and improvidence among the members.

Societies, on the model of Schulze-Delitzsch Societies of Germany, were also established under the Act in towns and cities for the relief of the distress of the poor artisans.

In 1912 the Co-operative Societies Act was passed providing for the establishment of non-credit societies, e.g., co-operative

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* In 1940 the number of societies in the province was 37,439, with a membership of over 11½ lakhs and a working capital of nearly 21¼ crores. Of these societies, 34,228 were agricultural credit societies (mostly *village banks*) two-thirds of their capital being borrowed from the Central Banks. Besides the ordinary types, e.g., *village banks, urban banks,* there are in the province *jute sale societies,* handicapped by faulty organisation followed by hasty and ill-conceived administrative action, *paddy sale societies, irrigation societies, artisans' societies, fishermen's societies, weavers' societies, milk societies, zemindari societies, anti-malarial and public health societies,* and *house-building societies* some of which are doing really useful work.

† **Features of a Raiffeisen Bank:—**

(1) Unlimited liability, (2) Proximity, (3) No entrance fees, (4) Honorary offices, (5) Loans granted on personal security for productive purposes, (6) No dividends, (7) Small value of shares, if issued at all.

health, insurance, building, sale and purchase societies and also central societies and banks. The Act of 1912 abolished the distinction between urban and rural societies and classified them as societies with (1) limited liability and with (2) unlimited liability.

In 1915 the Report of the Maclagan Committee was published reviewing the progress of Co-operation in India and suggesting lines for future advance. Formerly, Co-operation was a central subject in charge of the Government of India and the Acts of 1904 and 1912 were All-India legislation but by the provisions of the Government of India Act of 1919, Co-operation became a provincial subject and the responsibility for the development of Co-operation and for Co-operative legislation was transferred from the Government of India to the ministers and legislatures in the provinces. Since 1921 the provinces which acquired this new responsibility have vied with one another in the race for co-operative development. In this progress the Punjab, Bombay, Madras and Bengal have taken the lead.

Progress of Co-operation in India

Co-operative societies in India numbered in the year 1935-36 nearly 107,000 with a membership of 45 lakhs and a capital of Rs. 10 crores. This progress has been achieved in only a quarter of a century.

In credit, co-operation has made a great and rapid advance; in sale and purchase, however, it has not yet attained any substantial success.

In the furtherance of health, education, and irrigation in Bengal, in the consolidation of holdings in the Punjab, in the maintenance and construction of roads, and in rendering assistance to agriculture generally, co-operation has been of great benefit to the country.

The last few years have been a period of consolidation of the movement. Little expansion has been possible mainly because of the general economic depression in the country.

Financial difficulties have also led the Government rather unwisely to withhold, in part, its support to the movement.

The Minority Report of the Central Banking Enquiry Committee takes a somewhat pessimistic view of the progress of Co-operation in India.

Different kinds of Co-operation in India

Co-operative Societies

- Credit
  - agricultural *e.g.*, village banks on the Raiffeisen model
  - non-agricultural *e.g.*, urban credit banks
- Non-credit
  - agricultural *e.g.*, irrigation society
  - non-agricultural *e.g.*, house-building society.

Co-operative societies are, first, either (i) *credit societies* or (ii) *non-credit societies*. Again, they may be (i) *agricultural societies* or (ii) *non-agricultural societies*. Further, they may be (i) *primary societies*, (ii) *central societies*, or (iii) *provincial societies*.

The credit societies may be for agriculturists in villages or they may be for small artisans in the towns.

How Co-operation can help the agriculturist in India

The agriculturist has, besides the need of cheap credit, the need of water, manure, cattle, economic holdings, a market for his produce and stores from where he can buy his requirements reasonably cheap. And for these respective needs he can have *co-operative irrigation society, manure and seed purchase society, cattle purchase society, consolidation of holdings society, sale society, purchase society—all instances of agricultural non-credit societies and of how the agriculturist in India can be benefited by co-operation.*

Main features of the Co-operative movement in India

The societies in India are mainly of the agricultural type and that very naturally because the population is predominantly agricultural. Thus, the chief feature of the co-operative movement in India is that it is predominantly a rural movement primarily supplying credit facilities to the agriculturists. The rural societies have made a notable advance; but the urban movement is almost languishing. By far the larger number of the village societies caters to the needs of the agriculturists—the non-agricultural side being somewhat neglected.

Some advance, however, has been made in *non-agricultural co-operation*—both in *credit societies* and *non-credit societies*, though here the progress is not very satisfactory.

For the small artisans there is the credit society ready to advance cheap credit as for the petty clerk there is the *house-building society* ready to build his house cheap on terms convenient to him. Other instances are health, education, and insurance societies.

The movement, again, has made much progress in credit; but its achievement in the non-credit field is poor. Distributive co-operation, *i.e.*, co-operative sale and purchase, has hardly made any advance. Another feature of the movement in India is that *it is largely subsidised by the state* so much so that the state-aid is regarded as an evil by many who urge for its removal.

The Co-operative Banks—their functions

The *primary societies* in the villages occupy the base, the *central societies* the middle and the *provincial society* the apex of the provincial co-operative structure.

As individuals strengthen their credit by co-operation, so do the village banks strengthen theirs by joining a *Guaranteeing Union*, or a *Supervising Union* or a *Banking Union*. These unions serve as the *connecting links* between the village banks and the Central Banks in the district towns *and for the supervision and guarantee of credit*. They bring to the villages the funds they need from the towns but which they could not obtain before because of the absence of a guarantee of their credit.

The Central Banks again strengthen their position by having the Provincial Co-operative Bank at their top with its office in the provincial capital. Their main functions are : (*a*) the balancing of funds of primary societies and (*b*) the supply of capital. They transfer their surplus funds to the Provincial Bank which has also access to large funds available in the city, and which feeds the central banks and, through them, the co-operative banks in the villages.

There is thus a sort of irrigation of credit from the main stream, *the Provincial Bank*, through its distributaries, the Central Banks and the Village Banks, to the people. The main function of the Provincial Bank is, therefore, the feeding and the direction of the system of co-operative credit in a province with the aid of the Central Banks. Each province, excepting the U. P., has to-day a provincial bank.

The constitution and working of a village credit society

Any association of ten persons who have attained majority can apply for registration and form themselves into a village co-operative

credit society. The applicants and future members must belong to the same village or to the same tribe, caste, or occupation. No member is to hold more than one-fifth of the shares and the total value of an individual member's share is not to exceed Rs. 1,000. One-fourth of the profits is to be carried to the reserve fund. Liability is to be unlimited.

No member is to have more than one vote. The management of the society is in the hands of the members themselves who elect from among themselves every year a managing committee to do the work. The members of the managing committee do not receive any remuneration for their services. The management is thus honorary and democratic. The accounts are audited by or by order of, the Registrar who has powers of supervision and control over it.

Government have the right of (1) compulsory inspection and audit and (2) compulsory dissolution of a society, if necessary.

The financing of the village societies

The *village banks are financed by* (1) *share capital,* (2) *deposits,* and (3) *loans from outside.* The loans, in fact, are the most important part of their finance. Since the village banks found it difficult to borrow advantageously from the general money market, *an elaborate co-operative structure* has been erected in every province to finance the activities of the village banks. Over the Village Banks are the Central Co-operative Banks which are primarily to lend financial assistance to the village societies. The *Central Banks* again obtain most of their finance or loan from the Provincial Co-operative Banks located in the provincial capitals. *The Provincial Bank* obtains all its finance from the chief money market of the province.

The advantages of village banks are:

(1) *Proximity* which is as much an advantage to the borrower as it is to the lender, (2) *cheap credit,* because the village banks can work cheaper, (3) *checks on frauds and extravagance on the part of borrowers,* because of their local and direct influence, (4) *enjoyment of local confidence which attracts local capital* that is retained in the village for its own profit and advantage, (5) *a link between the government and the people* in many important matters of administration, *e.g.,* agricultural reform, health measures, encouragement of village industries, relief of scarcity and famine, (6) *the steady educative influence* in self-help, thrift and corporate activities, (7) *the fostering of the democratic spirit and ideal* by their insistence on equality and the development of individual capacity, public life, and national character.

—Nicholson.

Benefits of co-operation in India

The economic benefits

Among the *economic benefits* of co-operation may be mentioned the great saving in interest on account of cheaper credit. It has eliminated the 'mahajan' and has checked improvidence and indolence. The village banks have induced savings to come out of the idle hoards. It has secured to the peasant cheap manure and implements and improved breeds of cattle. It has secured markets for their produce. Co-operation has also helped to revive cottage industries.

The other benefits

In some parts, as in Bengal, health problems are being solved through co-operation (Co-operative Anti-Malaria Societies). In other parts, the solution of the problems of irrigation, housing and education has also been tried through co-operation. The *moral and intellectual benefits* have likewise been equally important. It has helped to develop in the members not only thrift but also self-restraint, discipline, punctuality, self-respect and fellow-feeling. Arbitration is encouraged in place of reckless litigation. Funds from the societies have been granted to support education, sanitation and medical relief. It may be the means to a revival of the corporate life of the villages.

The decline in litigation, the elimination of the mahajan, the introduction of education, and the promotion of thrift and industry have all made for rural uplift in India by lessening the evils of agricultural indebtedness and improving the peasant's general outlook on life.

The Future

The progress of the co-operative movement is dependent among other things on the progress of primary education among the masses. The expansion of the movement must, therefore, be preceded by a great and rapid improvement in the education of the masses.

The shortcomings of the movement

It must be admitted that progress has been very slow and the results have been achieved only on a very small scale. 'All that has been done amounts only to a mere scratching of the surface.' (Visvesvaraya).

There has been practically no progress in non-agricultural co-operation despite thirty years' work. The long-term credit needs have been neglected.

Besides, there are defects in the actual working of the movement which call for a remedy—unpunctuality of payments, *benami* loans, favouritism, excessive official control and red-tapism, absence of elasticity involving delay and vexation, lack of the true co-operative spirit and ideal.

Summary

'Co-operation is the association of individuals to secure a common economic end by honest means.'

The aim of co-operation is *better business, better farming,* and *better living.*

The fundamental principles of co-operation are : (i) *free association,* (ii) *proximity,* (iii) *equality,* (iv) *solidarity,* (v) *economy,* and (vi) *peace.*

The qualities necessary in a co-operator are : (a) *intelligence,* (b) *honesty,* (c) *thrift,* (d) *fellow-feeling.*

Some *forms of co-operation* are : (1) *Sale,* (2) *Purchase,* and (3) *Credit Societies.*

The fundamental principles of the co-operative credit system are : (i) *proximity,* (ii) *economy,* (iii) *security,* (iv) *solidarity,* (v) *facility,* and (vi) *thrift.*

In India, the most successful type is the rural credit society on the Raiffeisen model.

CHAPTER VI

LAND REVENUE SYSTEM

Importance

The land revenue system of India is of great importance to us. Land is the principal, if not the only, source of living for many of us as it is one of the chief sources of the revenue of our government. We shall do well, therefore, to know under what conditions land is held in India.

Land Revenue System

In India, from time immemorial, the state has been entitled to a share of the produce of the soil. Formerly, that share was a share of the grain heap of the cultivator.

Later, Todar Mal introduced cash payments on the basis of the periodic assessment of land revenue according to the fertility of the soil. The British have followed a policy mainly on the lines of the Moguls and have based their claim to land revenue on "the ancient right of the state to a share of the produce of the soil". (Baden Powell).

The property in land

Absolute property in land is vested in no one. All classes connected with the land, *e.g., the state, the zemindar, and the ryot,* possess certain rights.

The superior and ultimate rights in land must be deemed to be vested in the state as the sovereign and the universal landlord. The state also happens to be the landlord over the larger part of the country. The theory of state landlordism is thus in vogue in India. The present revenue system has evolved in course of time through an extraordinary variety of circumstances.

Land Tenures

The tenures in India are broadly of two kinds: (a) *ryotwari,* and (b) *zemindari.*

A. Ryotwari tenure

Over half of the area of British India, the state deals with the *ryots* who hold land directly from the state, there being no intermediary. This is known as *the ryotwari tenure.*

In the *ryotwari* tenure, the *ryot* or the cultivator *has the right to cultivate land* which is both *heritable and transferable* but the state has the right to a 'share' of his produce, *i.e., land revenue.* This land revenue is paid direct to the state by the *ryot* in *ryotwari* areas.

B. Zemindari tenure

The type of tenure in which the state has created or recognised a zemindar to act as an intermediary landlord* between itself and the *ryot* is known as *the zemindari tenure.*

In the zemindari tenure, the land is held by the *zemindar* (*e.g., an individual or a group of individuals*) who pays the revenue to the state.

The cultivator or the *ryot* holds it *indirectly* through the zemindar to whom he pays rent. The zemindar is thus the intermediary between the *ryot* and the government.

The two tenures

The *ryotwari tenure* carries with it *only a right of occupancy,* heritable and transferable, but *the zemindari tenure is a property.*

The *ryotwari* or the peasant proprietary system prevails in Bombay, Madras, Assam, and Burma. The *zemindari* or the landlord system is to be found in Bengal, Bihar, Orissa, the United Provinces, the Punjab (village communities†), and the Central Provinces.

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* 'Over the other half of British India *intermediaries* of one kind or another exist. They may be *individuals* (as in Bengal, Behar, North Madras, and in Oudh), or they may be *groups of individuals* (as in the joint proprietary villages of the Punjab). *In all such cases, the intermediaries are responsible to the government for the land revenue.'*

† A system of land tenure which is of a communist type is to be found in some parts of the Punjab. Here the tenure is held not in the name of individuals but in the name of the village as a whole. "The community is treated as jointly and severally liable." All the land is held in common and the proceeds are thrown together and divided among the shares by village custom.

Land settlements

A *settlement* may be defined as the assessment by revenue officials of the land revenue due to the government from all land except that which is held *revenue-free*. The assessment is done after a detailed survey, classification and valuation of land and an enquiry into the rights of all persons interested therein.

The principles of assessment

There is no fixed nor any uniform principle of assessment in India, and Settlement Officers in India have been given wide discretion to assess land revenue on the basis of an enquiry into local conditions.

One principle is to fix the maximum based on past rates, the state claiming an increase when there has been a rise in prices and in general economic prosperity. *The other principle* is applied to landlord estates with tenants—it involves an enquiry into actual payment of rent by the tenants, the state claiming a share of the net assets of the zemindar.

The rule of assessment that was adopted in the year 1855 in the settlement of Saharanpur, and which later came to be regarded as the model, is to limit the revenue demand in the ryotwari areas to ½ of the net produce of land and in the zemindari areas to ½ of the net assets or net income from the estate. This rule is known as the Saharanpur Rule.

The rates of assessment

Roughly speaking, the rates of assessment are 40 to 50 per cent of the rent in temporary zemindary settlements and 10 to 25 per cent in the permanent zemindary settlements. The rates vary with differences in fertility and advantages of climate, irrigation, transport and markets.

Permanent and Temporary Settlements

Now the question arises: for what periods have lands been settled in India?

Bengal, Behar and Orissa and certain parts of the U. P. and Madras (or roughly one-fifth of British India) have been *permanently settled.*

The remaining parts have been *settled temporarily* for 30 years in Bombay, Madras, and the U. P. and for 20 years in other places.

Thus there are two kinds of land settlements: (1) *permanent settlement* and (2) *temporary settlement.*

The Permanent Settlement—its main features:

During the early days of the British rule in India the settlements were for very short periods, sometimes

for one year only—inconvenient to Government and the people alike. Revenues were difficult to collect and the short, insecure tenure did not encourage interest in land. In Bengal a Decennial Settlement, made in 1789, was converted in 1793 into a Permanent Settlement by Lord Cornwallis with *two main financial and economic objects in view*: (*a*) the fixity and the security of the land revenue, and (*b*) the improvement of cultivation. There were *two other objects—social and political.* The Government by the Permanent Settlement desired the establishment of peace and order in society and the political support of the zemindars to the new Government.

One of the chief features of the Permanent Settlement, is, that, by it, the *zemindars have been made proprietors of the soil,* but they are *limited proprietors* because they are (1) subject to the payment of a *revenue fixed in perpetuity* and also (2) subject *to the legal and customary rights of the tenants.*

Thus, it recognized for the first time the proprietary rights of the zemindars in land.

Secondly, under the Permanent Settlement the revenue demand was fixed in *perpetuity.* If any zemindar failed to pay this fixed revenue demand punctually, his estate would peremptorily be sold by auction by the Government in realisation of its dues.

Thirdly, it has led to a process of subinfeudation in land. A long chain of intermediaries has sprung up between the landlord and the ultimate tiller of the soil. These intermediaries are mere rent-receivers and do not take any interest in agriculture.

Fourthly, by a single stroke of pen the traditional and customary rights of the tenants were taken away, which have not yet been fully recovered after the lapse of a century and a half.

Criticism of the Permanent Settlement

In its origin the Permanent Settlement was a *benevolent blunder* of Lord Cornwallis based on too great a trust in the good sense of the zemindars of Bengal. In its result the Permanent Settlement has *imposed great obstacles in the way of the future progress of the country.*

It subjected almost the whole of the lower classes of Bengal to *most grievous oppression.* It has involved a *sacrifice of the future revenues* in Bengal—a loss estimated at about 4 crores a year. It has locked up capital in land and has thus *checked the industrial and commercial development of the province.* By its sweeping provisions *it robbed the ryots of whatever rights they had in land.* It has also been respon-

sible for the growth of *an absentee and parasitic class of landlords* whose only interest in land is to live on the fat of the land.

'The zemindari system is at the root of the poverty of the Bengal peasant.'

The Floud Commission

A Land Revenue Commission, under the chairmanship of Sir Francis Floud, was appointed by the Bengal Government in 1939. The Majority Report of that Commission is of the conclusion that 'whatever may have been the justification for the Permanent Settlement in 1793, it is no longer suited to the conditions of the present time.' It favours the abolition of the Permanent Settlement and recommends a ryotwari system and the acquisition by the Government of all interests in land other than that of the ryot by the payment of compensation based on ten years' purchase price. The zemindars demand larger compensation, while peasants demand nationalisation without compensation. So far no action has been taken on the Report which has been subject to an investigation by a special officer.

Temporary Settlements

Temporary Settlements are, however, fairer on the whole. Periodic reassessment of the value of the produce of land might help in removing hardships and inequalities.

But short period settlements are expensive and troublesome and also have this defect that they dislocate and paralyse agricultural operations. The shorter the period, the greater the evil. The period should, therefore, be neither very short, nor very long.

The general feeling in India is in favour of long periods but not in favour of permanent settlements.

Tenancy Legislation in India

The broad aim of tenancy legislation in India has been to confer on the tenants throughout India the privileges of *fair rent, fixity of tenure,* and *free transfer*. The present laws do not allow arbitrary enhancement of rent, nor arbitrary ejectment from land and provide for free transfer of land by inheritance, sale, gift or mortgage.

Summary

The land tenures in India are mainly of two kinds : (a) *ryotwari,* to be found chiefly in Bombay, Madras, Assam and Burma, and (b) *zemindari,* as in Bengal, Bihar, Orissa, the U. P., the C. P.

The land settlements are either (1) *permanent,* as in Bengal, or (2) *temporary* as in Bombay.

The Permanent Settlement of Bengal has been much criticised in recent times.

CHAPTER VII

FAMINES AND FAMINE RELIEF

What is a Famine?

Famine is commonly understood to mean extreme scarcity of food.

Famines in India

According to the Famine Commission of 1889, even in the worst year enough food is grown in India to meet the needs of the entire population. The Famine Commissioners of 1898 concurred in these views.

It is tragic, therefore, that people in India die of hunger, not because there is no food in the country but because the people have no money to buy that food.

In India, *there is a famine of money, not a famine of food.**

This famine of purchasing power may be more aptly described as a famine of employment. Large masses in India are, if not actually unemployed, seriously under-employed.

Causes of Famines

A. Economic

The economic causes of famines are to be traced to the general poverty of the people.

The agricultural people in India are among the poorest in the world. 'In good years, the Indian cultivator has nothing to hope for except a bare subsistence, in bad years he falls on public charity'. He cannot save for the rainy day.

The abject poverty of the Indian people is due among other causes to the following :—

(a) *an increase of population* without a corresponding increase in the production of wealth ;

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* Prof. S. C. Ray on Famines in India.

(b) *the excessive dependence on agriculture* which is overcrowded and, in India, is beyond the control of man and is chiefly subject to the vagaries of nature ;

(c) *the heavy land tax* operating harshly on the people in the famine areas, and

(d) *the proverbial improvidence of the ryot.*

B. Physical

(a) *Uncertainty of rainfall* is a very important cause.

In India most lands (80% of the cultivated area) are without any irrigation facilities. They depend exclusively on rainfall, which in India, is erratic and uncertain.

Rain must not only be *sufficient*, it must also be *timely* which it is *impossible to ensure* since Nature is not subject to man.

The immediate causes of famines arising out of this are:

(i) *drought or failure of rains,*

(ii) *excess of rains.*

In either case there is a failure of crops.

(*b*) *Lack of proper transport facilities.*

Till recently, *internal communications were meagre*, making difficult the transport of the surplus food of one province to another. Roads and railways which have now been constructed for linking the important grain centres of India with the ports often only facilitate *exports of foodstuffs from the country.*

(*c*) *Ravages by animals.*

The black rat consumes grain to the value of 15 crores of rupees a year. The monkey, the peacock, the pig, the pigeon, and the locusts also destroy a large portion of the crops whose annual value must be considerable.

The Horrors of Famines

Sir Theodore Morison has adduced ample historical evidence of the horrors of famines. With a famine, whole cities and districts were left bare of inhabitants. "The corpses at the corner of the streets lie twenty together, nobody burying them." Pestilence followed famine.

The Orissa famine of 1865-67 cost a million lives. One-third of the people in Orissa died of hunger, not because there was no food in India but because food could not be conveyed to them in time.

Famine was the bogey of the Indian Administration for a long time.

Three-fourths of the Indian people get their daily bread from agriculture which is the prime industry. A standstill of that industry due to a drought or to an excess of rains would introduce a problem that involves the life and death of well over 200 millions.

Remedies

The remedies lie in the removal of the economic and physical causes of famines.

A. Economic

The first step in fighting famine will be to alleviate the general poverty of the people. Attempts should be made in all possible ways to increase the production of wealth and the income of the ryot.

(a) *The pressure on land should be lessened* to what the land can actually bear. To do this, *occasions are to be multiplied*. Manufacturing as well as cottage industries should be encouraged.

(b) *Migration*, specially from over-populated areas, *should be encouraged*. Labour should be encouraged to be mobile.

(c) *The land tax should be reduced* to a point where it is just the economic rent of land and no more. The ryot should be granted all facilities, including credit facilities, to improve his land and his general condition.

(d) *Uneconomic social habits as well as love of litigation are to be discouraged.*

B. Physical

(a) *An even and sufficient supply of water* is the first of conditions that ensure agricultural success. India suffers to a large extent both from drought and from excess of rain. As

for the first, the remedies are *irrigation*, and *afforestation*, and for protection against the ravages by the second, India needs a carefully planned system of *drainage*.

(b) *Transport facilities* are to be multiplied. Areas which are specially susceptible to famines should be linked by *roads* and *railways* with other parts of the country so that supplies of food may be easily transported in case of a famine.

(c) The *seriousness of the ravages made by wild animals and rats should be sufficiently realised*. The problem is difficult to solve because some of the enemies of crops in India are considered sacred by the Hindus who would rather lose their crops than kill a monkey.

How Famines have been fought

Famines in India bring such great suffering to the multitude that, from the times of our early Hindu kings* down to our own days, the state has felt impelled to take measures of its own.

The Famine Signals

The first signal of a famine in India is a failure of rain (or a devastating flood) resulting in a loss of crops. Prices are high and there is increasing employment and destitution and migration to the towns. An increase of robbery and theft is also noticed and starvation among the masses leads to outbreak of epidemics.

Famine Codes

To fight famines, which come in such regular succession, the government in every province has a famine code embodying the steps to be taken when a scarcity or famine is indicated and prescribing the duties of the officers as also the various measures of relief when scarcity or famine is declared.

Government famine measures

The government *measures fall under two heads*: (1) *remedial* and (2) *relief*.

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* The following measures are suggested by Chanakya :—(1) remission of taxes, (2) emigration, (3) state grants and loans, (4) irrigation works, *e.g.*, lakes, tanks, wells, (5) importation of grain.

(1) Preventive or remedial measures

(a) The two most effective measures have been the construction of *protective railways and irrigation works.*

A crop failure in a province can now be met by a quick transport of food by rail from another province which has had a good harvest. This transport work has been further facilitated by the construction of roads where roads did not exist.

The arid famine tracts of Rajputana have been connected by railways with the important grain centres of India such as Bombay, Karachi, Lahore, Delhi, Agra.

The construction of irrigation works has brought a sure and steady supply of water to the cultivator, relieving him of much anxiety and distress.

(b) The activities of the Agricultural Departments have helped the people to resist famines with greater ease.

(c) *The preservation of forests* is another wise step taken by the government.

(d) *Loans to agriculturists* constitute another government remedy. These loans are granted for agricultural improvement and also for the relief of the cultivator in distress (*takavi loans*). They have not, however, proved very successful, nor have they been adequate.

(e) *The land revenue administration has been made more humane and elastic.*

In a year of scarcity there is generally a *suspension of revenue collection* ; in a year of famine, there is the provision for a *remission of revenue.*

But these are mere palliatives.

The revenue demand is high and oppressive and must be moderated to bring real and permanent relief.

(f) The whole of India has been covered, as a result of government enterprise, with a network of *co-operative credit societies* which have mobilised rural credit and strengthened the peasantry.

(g) The Government also sets apart annually a sum of money as insurance against famines. The *Famine Insurance*

Grant is utilised in the construction of protective works as also in the actual relief of famines.

B. Relief measures

Besides the general remedial measures discussed above, the government has a standing famine-relief programme to be followed when there is an actual outbreak of famine.

The rain forecasts are studied with great anxiety and the actual progress of the rains followed with keen interest. When signs of a famine are noticed, the actual machinery is put into operation.

(a) The *famine policy is declared* and the support of non-officials is enlisted in the relief work, and public charity is organised.

(b) There is a *suspension* or, if necessary, a *remission of land revenue*. Loans are advanced by the Government.

(c) *Lists* are prepared of persons requiring government relief.

The first stage

(a) Liberal advances are given to peasants for purchasing seeds for the next crops, also to the District Board to construct and repair roads and wells.

(b) *Test works* are opened to test the severity of the famine. 'The object of test works is not to relieve famine but to test the presence of it: not to relieve hunger but to find out whether people are hungry.'

The second stage

These works are then converted into *relief works* and the second stage begins.

Poor houses are opened to give gratuitous relief to the aged, the infirm and the children. The able-bodied are generally employed in relief works, e.g., *construction of roads, railways, etc.*

The last stage

With the approach of the rains the people are transferred from the main relief works to works nearer their villages so

that they may attend to their cultivation in their spare time. Loans are advanced to the cultivators for the purchase of seeds, cattle, and agricultural machinery. When the crop is harvested in autumn the works are generally closed.

The medical and sanitation staff is kept in readiness to deal with the epidemics of diseases which generally follow in the wake of famines.

Summary

Famine means extreme scarcity of food. But in India there is never any scarcity of food.

In India famine is a famine of money, not of food.

The *causes of famine are* :

(a) *economic* as well as (b) *physical.*

The *economic causes are centred in the general poverty of the people.*

The *physical causes* are : (i) *the uncertainty of rainfall,* (ii) *lack of transport facilities,* and (iii) *ravages by animals.*

The *remedies* of famine are likewise twofold (a) *economic* and (b) *physical.* The *economic* remedies are to be found in general measures for the *alleviation of the poverty of the rural masses.*

The *physical remedies* are : (i) *irrigation,* (ii) *afforestation,* and (iii) *development of transport facilities.*

Famine has been fought by (a) *preventive or remedial* measures, as also by (b) *relief measures* when there has been an actual outbreak of famine.

CHAPTER VIII

IRRIGATION

Its economic importance and benefits

It is impossible to exaggerate the importance of irrigation in India which is primarily an agricultural country dependent at present on a rainfall that is unequal, uncertain and often very scanty. The country may be divided into three separate and distinct areas for this purpose.

(a) Sind, Rajputana, the N. W. F. P. and south-west Punjab are practically *rainless*—here the need of irrigation is paramount since *irrigation alone makes cultivation possible.*

(b) East Punjab, U. P., Bombay, the Deccan are areas of uncertain rainfall *here also irrigation alone can ensure stability of agriculture and protection against famine and scarcity.*

(c) Bengal, Assam and Malabar are the areas with a certain and fairly good rainfall here irrigation is hardly needed.

Further, irrigation not only makes agriculture possible but also profitable in increasing the yield of the crops and in producing crops like sugar-cane which require a regular and sufficient supply of water in dry areas. Most of the rainfall being from June to October, irrigation is necessary for the production of *winter crops.*

Thus irrigation has increased both the yield and the value of the crops, notably in the U. P., Punjab and Sind.

Life in the desert areas, in particular, is not so hard as before. Trade has developed, markets have grown, new villages, towns and industries have sprung up where there were none.

Irrigation has brought increasing revenues to the state, reduced the cost of famine relief and, in agricultural provinces like the Punjab, brought larger railway profits.

Irrigation has also been a pacifying and civilising influence in the N. W. F. P.

It has raised the standard of life and has encouraged the growth and movement of population.

Besides its importance to agriculture, irrigation where it is done by canals helps to increase transport facilities by providing waterways. So the benefits of irrigation have been manifold.

Irrigation has been practised in India for a very much longer time, more universally and on a larger scale than in any other part of the world.

Extent and method of irrigation

The total area irrigated is nearly 60 million acres. Still, the area under irrigation is 1/5th of the area cultivated in India and the government has been criticised for not spending more on irrigation especially in comparison with what they have spent on the railways. Government irrigation works have earned an average profit of 7 to 8 per cent, whereas railways have not earned even half as much.

Besides the government irrigation works, there are also private irrigation works of considerable importance.

The methods of Irrigation in India

Irrigation methods in India are primarily of three kinds:—

(1) *Wells* (2) *Tanks* (3) *Canals.*

(1) *Well irrigation* or *lift irrigation* is found mainly in the U. P., C. P., the Punjab, Bombay, Madras and Behar. In lift irrigation the fields are irrigated with the help of oxen or machines driven by hand or power. Lift irrigation is necessary where the soil or the nature of the land surface prevents successful canal irrigation or tank irrigation. 25% of the total area irrigated in India is done by wells, two and a half million in number, costing about 100 crores, mostly private works, in some cases with loans from Government. They are regarded as more useful and efficient than canal irrigation. Deeper boring and power pumps would increase their utility. In the U. P. tube-well irrigation is an important and interesting innovation.

(2) *Tank irrigation* is also an ancient method and is most highly developed in Madras which has 40,000 tanks. But it is almost unknown in the Punjab and Sind.

(3) *Canal irrigation* is found, more or less, in nearly all the provinces and is now the most important form of irrigation. *Irrigation canals may be of two types* (a) *River works* and (b) *Storage works.*

(a) *River works* again are of *two kinds—perennial canals* and *inundation canals.* In both, anicuts or dams are built across the river and the water is diverted through a network of canals to the fields. *Inundation canals* obtain supply only when the parent stream is in flood. They are less efficient and less expensive than *perennial canals* which issue from rivers which do not dry up in summer and have a supply of water all the year round.

Important irrigation works are to be found in the Punjab, Sind, Western U. P. and in the deltas of the Deccan rivers, the Cauvery, Godavari, Krishna and Mahanadi.

(b) *Storage works*. In the case of storage works the water is held and stored by building a dam across the valley and distributed to the neighbouring fields by canals drawn from the storage. Such works are to be found in the Deccan, C. P., Madras and Bundelkhand.

Productive, Protective and Minor Works

Government irrigation works are classified under three heads: (a) *productive*, (b) *protective*, and (c) *minor works*.

Productive works are those which, within ten years of their completion, earn a revenue sufficient to cover working expenses and interest charges on the capital cost. Most of the longer irrigation systems in India belong to the productive class.

Protective works are constructed primarily with a view to the protection of precarious tracts and to guard against the necessity of famine relief expenditure. They are not meant to bring revenue.

Minor works are those works which do not fall under either head, productive or protective.

Canal Colonies

In the Punjab, as in Rajputana, the problems of irrigation have been different from others. Before irrigation the land was one vast desert, unpopulated and barren. When these lands were brought under irrigation, roads and villages had to be made which were better planned and more sanitary. Groups of persons judiciously selected from the crowded districts were moved to the new colonies to form separate village communities. Roads and railways have rapidly been extended and communications improved. The Government of the Punjab makes a net profit of over 2 crores a year from these colonies—a return of 27% on what it has spent on their development. The value of the crop raised is about 30 crores of rupees a year. The colonies have opened for the Punjab an era of prosperity undreamt of in the past. (Darling.)

Summary

Irrigation is of great importance in India.

Irrigation in India is of three kinds: (a) *wells*, (b) *tanks* and (c) *canals*.

CHAPTER IX

TRANSPORT AND OTHER MEANS OF COMMUNICATION

The industrial and commercial prosperity of a country depends, to a very great extent, on the facilities of transport and communication which it enjoys.

Transport

In a large country like India, transport is of vital concern. Goods and passengers have to travel hundreds of miles. Raw materials have to be gathered from every direction and commodities have to be sold in every corner of the country. Transport facilities must be cheap and quick. Otherwise the economic development of the country, particularly the development of markets and industries, will suffer.

1. Railways

In modern times the railways provide the most important means of inland transport.

The history of railways in India begins from 1844, but railways in India received the first real impetus from Lord Dalhousie's famous Minute in 1853.

Extent of Indian Railways

The total railway mileage in the country is 41,000 miles, the total railway capital is 846 crores and the total annual gross earnings are 119 crores approximately.

Ownership and management of Indian Railways

The ownership and management of the Indian railways are to-day mainly vested in the state which exercises its control over Indian railways through the Railway Board, which, however, is going to be replaced by a Federal Railway Authority under the new constitution.

Besides (1) *state ownership and state management,* as in the case of the E. I. R.,

(2) *state ownership and company management*, as in the case of the B. N. R. ; there is also

(3) *company ownership and company management*, as in the case of the B. N. W. R., and

(4) *native state railways, e.g.*, the Nizam's Railways.

The mixed system of railway management in India (*e.g.*, in the case of the B. N. R.) has been generally condemned as complicated, cumbrous, conservative, wasteful, extravagant and bureaucratic. Indian opinion is in favour of state ownership and state management of railways in India under popular control.

Classification of Railways

Railways in India have been classified as below according to the objects which they serve:

(1) *Commercial Railways*, which have helped forward the development of the trade and industry of the country and also the movement of traffic both inward and outward ;

(2) *Protective Railways*, which have been constructed in areas peculiarly liable to famines for the purpose of protecting them in the event of an outbreak of famine by cheap and speedy transport of foodstuffs from the important grain centres of India ;

(3) *Strategic Railways*, which have been built specially in the north-western and in the north-eastern frontiers of India, for the purpose of defence against any foreign invasion from across the Himalayas and the borders of Afghanistan.

Effects of railways in India and their benefits

Political and administrative

The efficient administration of a vast country like India, its security in times of internal disorder, and defence from external aggression, all require a highly developed system of railway communications which can minimise distance and provide for easy and quick movements of officials and troops.

Social

The villages have been brought by railways into closer touch with the towns and cities. Men's minds have broadened. The influence of old usage and custom has declined.

The railways have helped to bring quick relief to famine and earthquake-stricken areas. Railways have thus also a humanitarian aspect, whenever quick transport can help in relief.

Economic

Railways are an important factor in the economic development of a country.

The effects of railways on India's *rural economy* and on her *industry and foreign trade, on prices and on the distribution of population* have been great.

Railways have broken down the isolation and self-sufficiency of the Indian villages, established contacts with the outside world, created a new outlook and relieved congestion in the villages, opened up markets, and raised the standard of life in rural areas and have been a great revolutionary force in the country in matters social, economic and political.

The railway policy in India was for a long time so directed that it encouraged the exports of raw materials and facilitated imports of foreign manufactures. In fact it has shaped the very character of our foreign trade and that in a manner injurious to the interests of the country. Railways are at the same time to be credited with the enormous rise in the volume and the value of India's foreign trade.

The railways have helped towards a better distribution of population and have equalised prices in the different parts of India. The markets of internal trade have correspondingly been vastly enlarged. The railways have helped in the development of Indian industries.

Railways and Industries

(i) The railways have helped in the development of Indian industries by providing easy and cheap facilities for the transport of both coal and raw materials for production as well as for the distribution of finished goods;

(ii) The railways have given a great impetus to the engineering industries;

(iii) The easy movement of labour has contributed to the progress of industries.

Injurious effects of Railways

1. (*a*) The railways have, however, done an injury to our indigenous industries. The importation of cheap foreign products has dealt a death-blow to many of our cottage industries and has rudely disturbed our rural economy;

   (*b*) Again, the rise of prices in the country is due, in the main, to the opening up of markets, inland and foreign, by railway communications in India.

2. The railways have *injured the health of the people* in Bengal and elsewhere by their *obstruction to the natural drainage* of the country. For the same reason floods may also be ascribed to ill-planned railway construction.

2. *Waterways*

The chief inland waterways of India are furnished by the three great rivers, the Indus, the Brahmaputra and the Ganges which, with their numerous tributaries, are navigable for 26,000 miles. The facilities have been added to by navigation canals, also specially constructed for this purpose, among which the chief are the Buckingham Canal in Madras and the Orissa Canal.

Waterways in Bengal

We have a network of waterways (the channels and tributaries of the Ganges and the Brahmaputra) whose importance is very great. The most important navigation canals in Bengal are the Circular and Eastern Canals. They not only furnish abundant *facilities of transport,* but their use as *fertilisers* is also very great. Again, the health of rural Bengal depends very largely on the drainage provided by her waterways.

The inland waterways of Bengal have suffered from neglect. Some of them have changed their course, many others have silted up and large sections of others are difficult to navigate or are unnavigable because of the growth of water-hyacinth.

Relative importance of railways and waterways

1. Railways supply speedy transport whereas transport by water is slow.

2 Waterways have this advantage over the railways that they not only furnish means of transport but they also irrigate and fertilise land. While railways only distribute, waterways produce as well as distribute.

3. Railways often disturb the natural drainage of a country which leads to the spread of diseases like malaria. But waterways, by facilitating drainage, help in the improvement of the health of the people.

4. Also, from the point of view of public finance, waterways are more paying than railways are.

Despite the extensive railways system, there are wide tracts in the country which are still untouched by the railways.

3. *Roads*

Road transport in India is in an unsatisfactory state. Many of the capital cities of the provinces are not connected with the district headquarters by motorable roads. Many villages and even sub-divisional towns have also no connection by road with their headquarters. The country requires a network of arterial and feeder roads for the purpose of the development of trade and industry.

Indian roads may be classified into—

(1) *arterial roads,* maintained by the provincial governments, which traverse whole provinces, *e.g.*, the Grand Trunk Road ;

(2) *feeder roads,* maintained by the District Boards, connecting the more important places in the districts ;

(3) *village roads,* maintained by Local and Union boards.

The village roads are often mere tracks which can be used only in dry weather.

Roads are primarily the concern of provincial governments and local bodies, and under the Reforms their upkeep and maintenance became one of the 'transferred' subjects.

Following the recommendation of the Indian Roads Development Committee, a Road Board has been set up in each province for a continuous and co-ordinated policy and for a systematic development of roads in India.

Road development in India

The need for road development along with railway development as a necessary concomitant of the country's economic and cultural progress was not so clearly recognised before, as it is recognised now.

The intensive development of motor transport is bringing about a social and economic revolution in the country, the full implications of which cannot yet be clearly foreseen; but it is certain that the Motor

Age is likely to have an even more profound effect upon the lives and habits of the ordinary people than the Railway Age.

The road motor, by its greater range and mobility, is bound to bring about a great transformation in rural India, not only by enabling the ryot to market his produce to his greater advantage but also by enlarging his range of interests and his outlook on life through contact established with the social and political movements outside.

An important problem today is the competition between the road motor and the railway. There should be a co-ordination of transport in India.

OTHER MEANS OF COMMUNICATION

Among the other means of communication may be mentioned, *posts, telegraphs, telephones, aviation and radio broadcasting.*

4. Posts and Telegraphs

The control of the Indian Posts and Telegraphs is vested in the Director-General of Posts and Telegraphs who is subordinate to the Government of India. For postal purposes, India is divided into 9 circles of which 8 are under the Post Masters General under whom are Deputy and Assistant Post Masters General.

The Post Office

The influence which the Indian Posts and Telegraphs Department exercises as an instrument of civilisation in this country by providing it with all the modern, though somewhat expensive, facilities of communication with the civilised world is indeed very great.

The Post Office business is transacted by more than a million of Postal Officials serving in more than 23 thousand Post Offices working one and three-fourth million miles of mail line.

The Post Office not only does the postal work in the country but it also tries to develop the banking habits of the people through the Savings Banks attached to Post Offices. It maintains the system of Postal Life Insurance. It also co-

operates with the public health authorities by selling government quinine, with a view to combating malaria in the villages.

The Indian Postal Department has also inaugurated an *air mail* service to speed up inland and foreign mails. All first-class empire mails are now carried by the air-mail at ordinary rates, although curiously, the inland service can be used by the public only by payment of an extra charge.

The telegraph and the telephone

The telegraph department was formerly separate from the postal department but the two departments are now amalgamated. The telegraph department not only sends and receives *inland and foreign telegrams* but it is also responsible for the *reception and transmission of wireless messages.* The department is acquiring all private telephone companies in India and has developed communications in India by connecting the important cities of India with the help of trunk telephone lines. *It is now possible for a man in Calcutta to speak on the telephone to Delhi, to London and practically to all parts of the world.*

The departments are not primarily revenue-earning departments but they are maintained to render postal, telegraphic and telephone services to the people at the lowest possible rates.

Wireless broadcasting

Broadcasting in India is at present in a process of development which aims at the expansion of existing services and the creation of new ones. Stations at Delhi, Bombay, and Calcutta have been reorganized and remodelled; new stations have been established at Madras, Lahore, Dacca, Trichinopoly and Lucknow; and the existing station at Peshawar has been brought within the ambit of the national system.

Wireless broadcasting has immense possibilities in a vast country like India where most people cannot read or write but can understand what they hear. Attempts have been made to interest the rural population in the radio by broadcasting items of rural interest. It is evident that the radio will play an increasingly important part in the social and community life of the people and that it should do much to break down those superstitions and mediaeval customs which still prevail in the back-water areas of the country.

Aviation

Aviation in modern times is of great importance to us. Flying by air has eliminated time and distance. It is, besides its military importance, of special significance in a big continental country like India.

Already in many of the leading cities in India civil aviation clubs have been established. The rapidity of the development of aviation in India has been remarkable.

Summary

The means of communication in India are : (1) *Railways,* (2) *Waterways,* (3) *Roads,* and (4) *Posts and Telegraphs.*

The Indian Railways are almost all owned by the state.

There are three classes of railways in India--(i) *commercial,* (ii) *protective,* and (iii) *strategic.*

The *effects* of railways in India may be studied under the three heads (a) *political* and *administrative,* (b) *social* and (c) *economic.*

The *waterways* are furnished mainly by the three rivers, *the Indus, the Brahmaputra* and *the Ganges with their numerous tributaries.*

The *roads* in India are not well-developed. They have been classified into (i) *arterial roads,* (ii) *feeder roads* and (iii) *village roads.*

Road development in India is fraught with great social and economic consequences. The Motor Age is likely to have a more profound effect on the country and on its people than the Railway Age.

The posts and telegraphs are fairly well-developed and well-managed.

CHAPTER X

COTTAGE INDUSTRIES

The need for cottage industries in India*

Half the people of India do not know what it is to have two meals a day. Poverty and hunger are unmistakable and chronic in the land. And no wonder when we are told that 'the ploughing, sowing, transplanting, weeding, reaping and threshing can engage a cultivator on an outside estimate not more than 90 days of 8 hours each in a year.'

In a *normal* year, the cultivator has an annual average income of Rs. 36/- and can be employed for only 3 months. In an abnormal year, he loses even this paltry income and this scanty employment.

*** Causes of the decay of Indian cottage industries**

The decay of the cottage industries has been due to

(*i*) the disappearance of the royal courts and with it the loss of the patronage of the state,

(*ii*) the adverse foreign influence,

(*iii*) the policy of the East India Company and of the British Parliament,

(*iv*) the competition of machine-made goods,

(*v*) the apathy of the British Indian Government.

But modern industrialisation has not been able to bring about the total extinction of cottage industries which, in certain cases, have shown remarkable vitality and may survive even under modern conditions.

Causes of the survival of cottage industries

(a) *Proximity of the market* and a more *intimate knowledge of the buyer's wants* are advantages in favour of the cottage worker.

(b) Cottage industries requiring only simple tools have generally stood well because they have a further advantage of *cheap local labour* and *free domestic assistance.*

(c) The artisans have also done well where they have adapted themselves to the new conditions and used better tools and superior raw materials. *'The weaver has taken to the mill yarn, the dyer to synthetic dyes, the brass and copper smith to sheet metals . . . the weaver uses the fly-shuttle—tailors invariably employ sewing machines.*

(d) Also *in specialised products or for limited markets, to meet local tastes or in works of art* where machine-made goods are not cheaper or better the cottage industries have held the market.

(e) Where the village markets are still sheltered by their *isolation and selfsufficiency* the cottage industries have still time to prepare for the fight they have to wage with the machine-made goods as they begin to arrive.

(f) *Modern inventions* and *cheap electric power* have strengthened the position of the cottage industries.

(g) In certain cases, it must be welcome to the ryot as a *spare time occupation* to supplement his earnings from agricultural and shall be persisted in *to employ perishable labour.*

Indeed, the root of the poverty of India and of the consequent decay of Indian life is in the famine of employment. For 9 months in the year, even in a normal year, the cultivator must stay idle in his home because there is no work for him.

The prosperity which India enjoyed in the past can be revived if occupations, supplementary or alternative, can be given to men in villages.

And the most important step in this direction lies in the revival of cottage industries on which stress has been laid by Mahatma Gandhi and Sir P. C. Ray.

Cottage industries in India must have an important place in any scheme of national economy because of the employment it can offer to the starving, unemployed and under-employed millions of India.

What is a cottage industry?

An industry carried on in the worker's home is called a cottage industry.

The work-place is the worker's cottage itself, the capital is small, operations are on a small scale for meeting chiefly local needs. The labour is supplied by the worker, his wife, children and other dependents. The craft is often hereditary.

Some Indian 'cottage' industries

In recent years the revival of cottage industries has been engaging the attention of both Government and the people—their need and importance in our national economy has been particularly stressed by Mahatma Gandhi and by the activities of the All-India Spinners Association and the All-India Village Industries Association are noteworthy in this connection.

The products of Indian cottage industries, *wood-carving, shawls, carpets, lace, embroidery, silver, and enamel ware,* enjoy considerable reputation abroad.

Other lines which can be tried successfully as cottage industries are tanning, cigar and cigarette-making, biscuit-making, canning and condiments, hosiery, umbrella and soap making and cutlery.

The principal cottage industries are:

The Cotton Hand-loom Weaving Industry

Hand-loom weaving continues to be the principal cottage industry not only of Bengal but also of India.

It gives occupation (according to the Report of the Industrial Commission, 1918) to near about 60 lakhs of men and women while the

Indian cotton mills do not employ even three lakhs and a half. It yields a gross income of 50 crores of rupees a year and next to agriculture is the most important industry of the people.

How it has survived—its advantages

Hand-loom weaving has survived the deadly competition of the mills and maintains its existence, as the coarse cloth is still in demand in the country because of tradition, sentiment, and a widespread belief that it is more durable than mill-made goods.

The amount of capital needed is small and the industry is often carried on as supplementary to agriculture. The hand-loom weaver has low costs because of a simple inexpensive living and receives domestic assistance free. Working hard and taking a pride in his achievement he still manages to hold the field.

E. B. Havell and Sir Alfred Chatterton are of opinion that the hand-loom may successfully compete with the power-loom by the adoption of improved methods. Others are less enthusiastic about its future.

2. The Woollen Industry

The manufacture of shawls (*e.g.*, Kashmir), carpets (*e.g.*, Kashmir, Amritsar, Mirzapur and Benares) and blankets also give occupation to many cottage workers in different parts of India. Everywhere the difficulties are foreign competition, ignorance and poverty of the workers who are unorganized, lacking the incentive to improvement, and victims of middlemen and mahajans.

The cottage industry is supplying thousands of blankets to the Indian Army in the present war. This proves that with adequate state support the cottage workers can yet make a living from cottage industries.

3. Sericulture and Silk manufactures

The silk industry, another textile industry, has thrived in the past and is still doing well in Bengal (Murshidabad), Assam, Kashmir and Mysore where the soil is favourable for the mulberry plant and labour, trained and efficient, in abundant and cheap. High class silk saris are also manufactured in Benares. Parachutes are being made with silk spun and woven at Murshidabad and other cottage industry centres.

Other important Indian cottage industries are oil and flour milling, pottery, tanning, embroidery, wood-carving, soap-making, *bidi* and tobacco, matches, metal and cutlery.

Cottage Industries in Bengal

1. Hand-loom weaving

Hand-loom weaving is still widely prevalent in Bengal, the best-known centres are Santipur and Dacca. It is the most important

cottage industry of Bengal. Spinning, now decadent, has received an impetus from the *charkha* and *khadi* movement.

2. Brass and bell-metal work

Brass and bell-metal work is also another important cottage industry of Bengal, specially in the Presidency and Burdwan divisions. The bidri work of Murshidabad and the bell-metal work of Khagra are quite famous.

3. Cane and bamboo-work and matting

Cane and bamboo-work and matting also constitute another important cottage industry pursued in many parts of Bengal. The products of Midnapore, Jessore, and Tipperah deserve special mention.

4. Ivory, conch-shell and mother of pearl work as also horn, button and comb-making

These are other important cottage industries which should find a mention. The horn industries of Jessore, the conch-shell industry of Dacca, the ivory industry of Murshidabad should be specially mentioned.

5. Lace-making

Lace-making is another cottage industry which has come into prominence recently. Lace-making is done chiefly in Darjeeling, Hooghly, and the 24 Parganas.

Besides, there are other small cottage industries very widely prevalent such as *smithy, pottery, basket-making, making of fishing-nets.*

The cutlery of Kanchannagar and pottery of Krishnagar are exceptionally good.

Cottage industries subsidiary to agriculture

A distinction may be drawn between *cottage industries which provide whole-time occupation*, e.g., smithy, pottery, silk-weaving and bell-metal work, and *cottage industries which may provide part-time work and may be taken up as subsidiary to agriculture*, e.g., weaving (to some extent), rope-making, rice-husking, oil-pressing, sugar or *gur*-making, cigar or cigarette-making.

The difficulties of cottage industries

Among the difficulties of cottage industries may be mentioned

(1) the lack of technical education;
(2) the lack of capital which drives the workers to borrow from the mahajan who absorbs the greater part of their earnings;
(3) the lack of cheap power and necessary tools and machinery;
(4) the ignorance of market conditions and the lack of marketing facilities;
(5) lack of public support and lack of state aid and encouragement.

Steps for the improvement and the development of cottage industries

The cottage industries of the country may be developed and improved as a whole by a stimulation of (a) *the demand for* and (b) *the supply of cottage products.*

A. The extension of demand

It is necessary for the development of cottage industries to create an increased demand for cottage products.

The extension of demand lies primarily in the stimulation of a refined and elegant taste in all classes of our society who have taken to things foreign, and mostly vulgar and cheap, to the intense injury of the nation's economic life and ideals.

B. The extension of supply

The extension of supply lies in (i) *the extension of cottage industries* such as *spinning weaving, and lace-making, tanning in areas where people live in forced idleness,* and

(ii) *in the introduction of new cottage industries* such as *soap, match, bidi, cigars and cigarettes, dyes, canning and condiments* (preparation of jams, jellies, chutneys, etc., and preservation of fruits, specially mangoes and pine-apples).

For the improvement of cottage industries measures should be adopted for

(a) the imparting of *primary education* which should be *supplemented by*

(b) *a survey of the possibilities of local industries* and *dissemination of useful technical knowledge* and *commercial information* relating to such industries as have good chances of success. *Stipends have to be given* to those who deserve higher technical education.

(c) *Demonstrations* and *exhibitions* have to be arranged, and *sale-rooms* and *museums* are to be established in the principal cities of the world to popularise Indian cottage industries. *Arrangements have to be made for the marketing and sale of the products of cottage industries.*

(d) *New and improved patterns, tools and implements, and methods of production have to be adopted* as suggested by Indian experts with knowledge of Indian markets.

(e) Arrangements have to be made for the *supply of cheap raw materials* of good quality, *improved tools and implements, simple and inexpensive machinery.*

(f) *Cheap credit has to be arranged.*

The Agency

The agency for the development and improvement of cottage industries must, in the main, be the government departments of Agriculture, Industries and Co-operation which must work in co-ordination and must be more in touch with the people.

At present the people derive little benefit from the work of the Department of Industries which should receive much wider publicity. The marketing side is also not well looked after. Cottage industries find it more and more difficult to compete with manufactured goods, swadeshi and foreign. The necessary finance should be made available to the cottage industries. Designs have to be selected for them and the necessary tools and raw materials provided on easy terms.

(*a*) Government can substantially aid in the matter of education, publicity and marketing.

(*b*) But the cottage workers must find in co-operation the cheap credit they desire. They should also establish purchase and sale societies on co-operative lines.

(*c*) Non-official agencies might also help in rousing public opinion to the need of the development of cottage industries and in popularising them.

Summary

A *cottage industry* is an industry that can be carried on in the worker's home.

The *principal home industries of Bengal* are : (i) *hand-loom weaving,* (ii) *brass and bell-metal work,* (iii) *cane and bamboo-work* and *matting,* (iv) *ivory, conch-shell* and *horn industry,* (v) *lace-work.*

The *development* of cottage industries lies (a) *in the stimulation of the demand for cottage products,* and (b) *in the extension of cottage industries, such as, spinning to areas where people live in enforced idleness* and (c) *in the introduction of new cottage industries, such as, the match industry.*

Our *cottage industries* have to be improved by (i) *primary education,* (ii) *industrial surveys followed by the spread of technical knowledge* and *commercial information,* (iii) *the holding of demonstrations* and *exhibitions,* and the *establishment of sale-rooms and museums,* (iv) *the adoption of new and improved patterns, tools and implements,* (v) *the supply of cheap raw materials and cheap credit to the cottage workers.*

CHAPTER XI

MANUFACTURING INDUSTRIES

Importance

Besides agriculture and cottage industries, India has her manufacturing industries,* which, in point of importance, come next to agriculture. The increase in our national prosperity shall lie, in future yers, mostly in our progress in manufacturing industries.

Conditions of industrial progress

Broadly, the conditions of industrial progress of a country are:

(*i*) access to natural resources (ores and minerals, power, etc.),
(*ii*) supply of labour, both skilled and unskilled,
(*iii*) supply of capital required for industry,
(*iv*) supply of business and industrial leadership.

Causes of the industrial backwardness in India

In India we have vast natural resources, a teeming population and the 'fabled' hoarded wealth of India. Why should we then be backward industrially?

On an examination of the conditions of industrial progress we find we have large natural resources with an abundant supply of labour.

(*i*) But *we have left the exploitation of our natural resources,* such as, coal, gold, and petroleum, to *foreigners.*

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* In India the general body of opinion is in favour of hastening the development of manufacturing industries with a view to ending the poverty of the people.

The introduction of machinery, no doubt, would bring evils but these can be controlled and remedied. The great poverty of the teeming millions of India can only be removed by a great increase in the national wealth and income of India. And this cannot be done without the help of up-to-date methods of production. It will do India no good to be led away by poetic or philosophical romance Rapid industrialisation is a prime national necessity.

(*ii*) There is an abundant supply of unskilled labour but *skilled labour,* which is more important, *is comparatively scarce.* Poor education* and poor physique, due mostly to poor wages, account for the low efficiency of Indian labour.

(*iii*) Our wealthy men look shyly at our industries. And the men with 'brains' cannot work out their schemes for the *shyness of Indian capital.* There is, according to some, *also a shortage of capital in India.*

Indian capital was, until recently, chiefly invested in agriculture and in a few familiar manufacturing industries, *e.g.,* jute and cotton.

(*iv*) Relatively to our industrial possibilities *industrial* and *financial leadership has been poor.* The deficiency in the supply of business and scientific experts has been due to our neglect of the applied sciences and attachment to a system of education of a literary and academic type. In Germany the zeal for scientific study and the application of science to the

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* **Industrial education in India**

'The supreme need of the country is for managers and foremen, for pioneers and entrepreneurs. Indian sentiment is not willing to content itself with foreign leadership in India.'

In Japan, Germany, France, the U. S. A. and in Great Britain also the state spends large sums on providing industrial education for the people to increase their industrial efficiency. But in India the state had until recently entirely neglected it.

The spread of *primary education* and *technical education,* disappointing though their progress has been in the past, coupled with the *diffusion of general knowledge* and the *knowledge of economics and the sciences* in the various colleges and universities of India *will lay the true basis of industrial education in India* and will furnish the country with a class of business men fit to direct and control its economic development.

Various public bodies in India are trying to remove this want, but the main responsibility lies with the state. *Industrial Exhibitions* would also help to educate and inform the buying public and gives an impetus to producers.

Commercial Education, whose importance is being increasingly recognised by the Universities and by the public, should also help Indians in organising and conducting business on modern lines at home and abroad.

The profitable manufacturing industries will in time attract the talents and brains of our young men who to-day seek politics and the learned professions as their careers in life.

solution of the problems of life have made her the industrial leader of the world.

(*v*) Many Indian industries were crushed by severe, and often unfair, foreign competition, *e.g.*, dumping.

(*vi*) The railway rates policy in India is also partially responsible for our industrial backwardness.

(*vii*) Another very important cause of India's industrial backwardness is the *former laissez-faire* or *'let alone' policy of the government.*

The Government attitude towards industrial development in India

The present government attitude towards industrial development is, however, more sympathetic. The Great War forced the Government and the people of India to take up the question of a definite industrial policy for the country.

The Industrial Commission

The Indian Industrial Commission (1916-18) may be considered to be the first milestone in the progressive interest taken by the Government in the industrial development of the land. It recommended that the *Government should play an active part* in the industrial development of India to make her more self-contained. The state can aid industries by *research, survey, information and advice, education, demonstration, local purchases* and *financial assistance.*

Under the Reforms, the Government of India remained responsible for the general direction of industrial policy, the ministers and legislatures in the provinces being responsible for the development of local industries.

For the purchase of government stores locally the Indian Stores Department was created in 1922. The Department in its purchases gives preference to goods of Indian origin.

But comparatively little was achieved till the government adopted the new fiscal policy.

Free Trade and Protection—the case for protection in India

India was a country with free trade with her markets open to every invader. All the leading industrial countries, Great Britain, France, Germany, the U. S. A. and Japan, however, have attained their present greatness by protecting their markets for their own industries at least during their infancy.

In India also her *infant industries*, possessing great natural advantages, required protection from the competition of powerful and well-established rivals. It is the strongest argument for a policy of protection in India. Other arguments are : (*a*) a diversification of industries, which is necessary to economic stability, to relieve the over-crowding in agriculture and to provide a variety of occupations for the people and (*b*) national self-sufficiency for political and economic reasons.

The Fiscal policy in India

The Indian Fiscal Commission

The Indian Fiscal Commission, in 1922, recommended to the government the adoption of the policy of 'Discriminating Protection' in favour of Indian industries against destructive and, in some cases, unfair foreign competition by means of prohibitive *duties* on imports of foreign goods and by *bounties or subsidies* to home manufacturers as may be found necessary. *The new fiscal policy of the government is a policy of discriminating protection.*

The Tariff Board

The Fiscal Commission's solution was the creation of a permanent *Tariff Board* to investigate the claims of particular industries to protection.

The three conditions which must be satisfied by an industry before the Tariff Board would recommend its protection to the Government and the Legislature are :

(1) *The industry must be one possessing natural advantages,* such as an abundant supply of labour and raw materials, cheap power and a large home market.

(2) *The industry must be one which, without the help of protection, is either not likely to develop at all or not as rapidly as is desirable in the interests of the country.*

(3) *The industry must be one which will eventually be able to face world competition without protection.*

Because protection in India is given only after due investigation and discrimination, the Indian policy of protection is known as *'protection with discrimination'.*

In the first ten years of protection some of our old industries in India have prospered greatly. In the same period some of our infant industries have been nursed and fostered. Among them may be mentioned the names of the iron and steel industry, the heavy chemical industry, the paper industry, the cotton industry, the match industry and the sugar industry.

Imperial Preference

The policy of protection which India adopted as a result of the *fiscal autonomy* or independence which she gained after the War has been qualified in recent years by the introduction of *Imperial Preference*.

Imperial Preference means the preference of Empire goods, *e.g.*, *British goods* to goods from outside the Empire, *e.g.*, *Japanese goods*. India has granted preference to British goods, *e.g.*, *cotton textiles and steel*, by admitting them on specially favoured conditions. The import duties on them are much lower than the import duties on Japanese and other foreign goods.

Imperial Preference is thus a protection granted to the empire industries—the cost of this protection (the higher prices of goods) is borne by the Indian consumers for the benefit not of the Indian producers but of the British and other empire producers. It is advocated because it would secure closer economic and political unity of the Empire in peace and war. It is very widely opposed in India because India cannot grant this preference without substantial loss and injury.

The Ottawa Agreement

Some years ago, the Government of India entered into a reciprocal trade pact with Britain at Ottawa whereby preferences were given to British goods in India and preferences obtained for Indian goods in Britain. The agreement was much criticised in India as betraying India's interests and was denounced by the Indian Legislative Assembly.

The Indo-Japanese Trade Agreement

To meet the Japanese menace in Indian markets and to secure a reciprocal market for Indian cotton in Japan an agreement in 1934 was also concluded with Japan fixing quotas. The agreement has been renewed in 1937 with slightly more favourable terms.

State assistance to industries

The state assistance to manufacturing industries in India has been given in the following manner:

(1) The State has started *pioneer or demonstration factories*, *e.g.*, the tanning industry, and by proving the possibilities of success has handed over the control and ownership to private individuals for a nominal consideration.

(2) The State has, by its *stores purchase policy*, now shown a preference for Indian goods where they are available.

(3) In the *Department of Industries* in every province the State maintains a bureau of industrial research and information about the industrial possibilities of the province concerned.

(4) The State has been trying to meet the deficiency in the supply of trained engineers and managers by *the award of technical scholarships* to Indian students for technical study abroad.

(5) The State has also been granting *protection* to Indian industries, *e.g.*, iron and steel, from foreign competition by the levy of *high import duties* on steel imported from foreign lands.

(6) The State has also, in deserving cases, been giving *bounties* to Indian manufacturing industries.

Foreign capital in India

Capital is very necessary for the industrial development of a country. But in India *capital was not only scarce but also shy.*

The total investments of foreign capital in India have been variously estimated from 800 crores to 1500 crores. Indeed, it may be said that *modern industrialism in India owes its inception to foreign capital.*

The jute industry and the plantation industries, *e.g.*, the tea, coffee and indigo plantations developed rapidly with foreign capital and under European management.

There can thus be little question that the forward move towards industrialism in India was begun by Europeans.

The unrestricted admission of foreign capital in India has not been an unmixed good.

India has need of foreign capital and is ready to pay the price but she should not pay what is more than necessary or fair.

Arguments in favour of foreign capital in India

(*a*) India needs foreign capital for a rapid and full utilisation of her resources.

(*b*) Foreign capital has been of high educative value to Indian capitalists and manufacturers.

(*c*) The risks and losses of pioneering have been borne by foreign capital.

Arguments against foreign capital in India

(*a*) Foreign capital is an evil when it is saddled with foreign enterprise and involves foreign domination of our industries.

The unrestricted employment of foreign capital has created *powerful foreign interests in banking, shipping, insurance, tea, jute, coal, gold and petroleum industries* from which Indians have been all but shut out. The foreign capitalist not only takes interest on his capital but also takes crores of rupees on account of the profits of the enterprise.

(*b*) The danger of foreign capital is particularly great in the mining industries because the stock of minerals is limited.

(*c*) *Foreign capital, when it is unrestricted, creates foreign vested interests and may mean not only economic bondage, but also political bondage in the long run.*

The state should, in these circumstances, undertake the protection of the national interests by insisting on incorporation of companies in India with rupee capital, association of Indians with their management and the provision for training of Indian apprentices.

The principal manufacturing industries

The principal manufacturing industries in India are the following :—

(1) *The cotton industry,* which is mainly localised in Bombay and Ahmedabad in the Bombay Presidency, is in Indian hands. Cotton mills are to be found in the other provinces as well. There are some 550 mills with a capital of about 40 crores and employing labourers numbering 3½ lakhs. The industry received a great impetus from the Swadeshi Movement and made colossal profits during the last War. The mills produce chiefly coarser yarns and goods. The Indian mills can at present supply all India's normal requirements, still large quantities of cotton goods are imported—chiefly goods of finer quality, prints and bleached goods.

The industry has received protection because of the severity of Japanese competition.

(2) *The jute mill industry* which is localised in Bengal is dominated by foreign control and management. It earns big profits because of its monopoly character. 'In point of efficient organisation it is second to none in India.'—(Pillai).

It has been least hit by the depression because of the controlled output and prudent reserves. It has to face in future years declining prices, foreign competition and the possibility of substitutes.

The government policy of protection has fostered the growth of

(3) *The iron and steel industry,* mainly located in Bihar. The Tata Works at Jamshedpur are the largest iron and steel works in the British Empire having 48,000 workers. Its monthly production in 1936 was approximately 75,000 tons of pig iron and 50,000 tons of finished steel.

The iron and steel industry may be regarded as the 'key' or basic industry and has been the first to receive protection (1924). The industry has made rapid progress and in spite of its vastly increased production India still imports foreign iron and steel.

(4) *the paper industry,*

(5) *the match industry* and (6) *the sugar industry* which have recently been •'protected' and have attracted considerable Indian capital and enterprise. Other important industries are *leather* and *tanning, chemicals* and *glass.*

Besides, India has a few important *mining industries, coal, gold, petroleum* and *manganese.*

Coal

The coal industry employs 170,000 persons. Its annual output is near about 23 millions but the industry is at present passing through a great crisis because of low prices of coal, and loss of overseas markets. This is accentuated by over-production in the mines. The railways can help both as consumers and as carriers by using Indian coal and by reducing freights. But the industry must rationalise itself if it is to effect a recovery.

Labour conditions in Industries

Persons employed in industry are only 1 per cent of the population—*those employed in the organised industries are even less than 1 per cent.*

We have *all the evils of early European factory conditions—over-crowding, immorality, drunkenness, gambling, indebtedness, debasement of the mind and the body.*

The sources of labour employed in mills and factories, specially in Calcutta, Bombay, Rangoon, Jamshedpur and Cawnpore, *are the villages.* The *migration* of labour to the industrial towns *takes place under economic and social pressure in the villages.* The Indian labourer seldom breaks his contact with the village which is his home. His association is periodically renewed with the ultimate aim of comfortably settling down in agriculture in the village. *Industrial labour is thus not permanent* but floating, not truly industrial but agricultural at its core.

The causes of the low level of efficiency of industrial labour in India

Industrial labour in India is *generally inefficient.* Women operatives of Japan are more efficient workers than the men in Bombay or Ahmedabad. The causes of this inefficiency are : (1) *physical,* (2) *social,* (3) *industrial,* (4) *mechanical.*

The poor efficiency of the Indian workers is due to his *poor physique.* But poor physique is due to *poor wages—poor food, bad housing, no sanitation. Early marriage, unambitious outlook, migratory nature* all alike contribute to the inefficiency of Indian labour. *Lack of industrial training and apprenticeship* and the *use of obsolete methods and out of date machinery of production* are also equally responsible.

An *improvement* can only come *through higher wages, better housing, leisure and recreation, factory ventilation and improvement, and reorganisation of the plan and methods of industry. Compulsory and free primary education followed by education in trade or technical schools would also increase the efficiency of Indian labour.*

To remedy the evils the state has enacted labour legislation, prudent employers have started labour welfare schemes and the workers have organised themselves into trade unions. Strikes became far too common in the period just after the War. Now it seems labour is consolidating and strengthening its position before it begins to fight for its rights.

Large-scale and small-scale production in India

The development of India's resources demands large-scale operations without which it would be difficult to compete with powerful foreign rivals. The economies of large-scale production are many.

But the elimination of the cottage worker is not necessary for the development of large-scale production in India. *The small industries need not die to make room for the big industries.* Toys in Germany, watches in Switzerland, silk in Japan, cutlery in Sheffield, hosiery goods in Nottingham are still made in the home and not in the factory.

Factory life with its strain, congestion, immorality and ill-health, hard work and iron discipline is repugnant to most Indians chiefly on moral and social grounds—cottage life is more attractive to them chiefly for its freedom.

The crying needs of India to-day are a *diversity of occupations* and *spare-time occupations* for our ryots who live in forced idleness for part of the year. They can find employment, under present conditions, only in cottage industries. The immediate question is, therefore, not one of antagonism between large-scale production and small-scale production. The one should supplement the other.

Summary

Broadly, *the conditions for industrial progress* of a country are: (a) *access to natural resources,* (b) *supply of labour,* (c) *supply of capital,* and (d) *supply of business and industrial leadership.*

India is industrially very backward because of (a) *a scarcity of skilled labour,* (b) *the shyness and shortage of capital,* (c) *the relative scarcity of industrial leadership,* and (d) *the former laissez-faire policy of the government.*

The present policy of the government is 'Discriminating Protection' for Indian industries.

The principal Indian manufacturing industries are: (1) *the cotton mill industry,* (2) *the jute mill industry,* (3) *the iron and steel industry,* and (4) *paper, cement, match and sugar industries.*

CHAPTER XII

THE TRADE OF INDIA

Trade and Transport

The development of trade and commerce depends on the facilities of rail, road and water-transport and on the country's general economic progress. In India, rail-transport is much more developed than road or water-transport. The Indian railways have been so spread that they encourage the growth of India's foreign trade more than her internal trade. Inland water-transport is neglected in India. The greatest development has been in maritime transport. Facilities of communications, *e.g.*, postal services, telegraphs and telephone, have also greatly helped expansion of trade.

Inland Trade

India's inland or internal trade must be considerable because of the size and population of the country.

The inland trade was formerly in the hands of certain trading castes who have now lost their trade monopoly. The present trade is done by the big wholesale merchants in towns and cities through a series of middlemen with the village tradesman, who is often the village money-lender as well. The trading is done by hawkers but more usually in village bazars (*hats*) which meet on fixed days. Trading is also done in *melas* and fairs.

The Coastal Trade

The coastal trade between various Indian ports is registered separately from the foreign overseas trade. Its total value must have considerably diminished with the separation of Burma from India. Burma's trade with India (principally the exchange of Burmese rice, oil and timber for Indian coal, jute and jute manufactures, cotton piecegoods, iron and steel) would henceforth be shown in India's foreign trade.

Foreign Trade

Sea-borne Trade—its chief characteristics

The total sea-borne foreign trade of India which in 1930-31 was valued at 400 crores, shrunk to nearly 262 crores in 1933-34, which in 1936-37 rose to 327 crores but this is only a fraction of the total value of the Trade of India.

Exports

The exports, which amounted to 227 crores in 1930-31 declined greatly from 1932-34 but rose to 202 crores again in 1936-37 ; while the imports which were worth Rs. 173 crores in 1930-31 fell in the period of depression to 117 crores and partially recovered in 1936-37 to 125 crores. In India the normal feature is that the exports are in excess of the imports.

Even at the beginning of the 19th century India exported manufactures of silk and cotton goods of fine quality. Gradually foodstuffs and raw materials (*e.g., cotton, jute, oil-seeds, hides and skins, rice, tea and wheat*) replaced manufactures in her export trade. In 1936-37, these exports represented a value of 143 crores and constituted nearly 72·9% of the total exports.

With the development of Indian industries *there has been an important and welcome change in its nature—an increase in the export of manufactured goods, e.g., cotton and jute manufactures, hides and skins, woollens, metals etc.*, valued at 50 crores in 1936-37.

Nevertheless some features of the export trade are still unsatisfactory. (1) *Hides* and *skins* which could have been manufactured in India are still exported raw. (2) The export of *oilseeds* is to be regretted because it deprives India of their use as articles of diet and manure. (3) The exports of *raw-materials* and *foodstuffs* constitute an increasing share of our total exports which is to be deplored ; it is indeed a sad commentary that *food-stuffs* should be exported when the people who produce them are starving.

Imports

While India exports raw materials and foodstuffs she imports primarily *manufactured goods* which formed nearly 73·9% of the import trade of India in 1936-37.

India has to depend upon her imports for a large part of her clothing, the bulk of her machinery, many iron and steel goods and a large number of other industrial necessities. There has been a great decline in imports of cotton piecegoods due to (1) political causes, (2) growth of the Indian cotton mill industry and (3) lower purchasing power of the Indian masses.

Other important imports are woollen and silk goods, glass, paper, metals, sugar and salt.

Land Frontier Trade

In order to complete the picture of India's foreign trade mention must be made of the trade across the northern land frontier whose total is roughly 5% of her sea-borne trade. The principal imports being grain and pulses, metals, and metal manufactures, provisions, fruits, vegetables and nuts, raw silk and wool and live animals. India's principal exports across her land frontiers are cotton goods (largely re-exports), metals and metal manufactures, sugar, tea, salt and spices.

Trade with Principal Countries

In recent years India's foreign trade has been diverted to other countries from Britain.

Before the war, India's foreign trade remained chiefly in British hands and was, to a large extent, confined to Great Britain.

After the last war, and specially, in recent years there had been a noticeable decline in imports from Britain whereas imports from Germany, the U. S. A., and Japan showed a marked increase though the present war has once more altered the volume and direction of India's foreign trade.

The imports from Britain in normal times, consist chiefly of manufactured goods ; *e.g.,* cotton yarn and manufactures, iron and steel, machinery, paper and paste boards etc. She

buys normally from us foodstuffs and raw materials including tea, hides and skins, raw and manufactured jute, food-grains and raw cotton.

Japan's importance in the Indian market has been steadily increasing. The Japanese imports consist mainly of cotton piece-goods, cotton hosiery, glassware, stationery and toys. The chief exports to Japan are raw cotton, pig iron, raw jute and jute manufactures, pig lead etc. The other countries with which India has trade relations are Ceylon, Java, China, and the U. S. A. She also had a flourishing trade with Germany, France, Belgium and Italy before the outbreak of war.

Trade with Germany, her allies and the countries occupied by her, has ceased ; for, no commerce is permitted between India and any enemy country. Moreover, owing to shipping difficulties, the volume of trade with Britain and the neutral countries has also considerably declined. The War has thus seriously upset India's normal trade balance.

The Balance of Trade

India has normally a very favourable balance of trade. Both imports and exports have expanded steadily and rapidly, *although the total quantity and value of exports* continued, as ever, *greatly to exceed those of imports.* This is what is called India's 'favourable' balance of trade, the term favourable being understood in a purely technical sense, as indicating merely the fact of an excess of exports over imports, not any advantage to India. *This normal excess of export is due to the fact that India had, and still has, to make considerable payments abroad for which no visible return is made. (Vera Anstey).*

For part of the excess of her exports over imports she receives payment in bullion, gold and silver, which she imports almost every year—*she is 'the sink of precious metals.'* For the rest there is no direct payment—it goes to liquidate India's 'home charges' amounting to nearly £30 millions a year. The *Home Charges* are payments to be made in Britain by India

on account of army and marine services, interest charges, purchase of stores, pensions and leave allowances of officers in England, and the India Office expenses. This is a heavy annual 'drain' on India.

'There are payments due to India for her exports, for the imports of capital into India, for remittances from foreign countries to foreigners residing in India including tourists.

There are payments due by India for imports from abroad, the Secretary of State's expenditure, payments of interest on private capital invested in India, investments in other countries by European merchants, lawyers, civil servants, etc., from their earnings in India, the earnings of foreign shipping, banking and insurance companies in India and remittances to Indians abroad.'

Summary

India has a vast inland and foreign trade. India's inland trade is double the volume of her foreign trade.

Her foreign trade is with all the principal countries of the world—amongst whom *Britain* and *Japan* are most important.

India *imports* primarily manufactured goods, and *exports* principally raw materials and foodstuffs. The exports are usually in excess of the imports leaving the balance of trade in favour of India.

The present war has seriously upset India's balance of trade.

CHAPTER XIII

INDIAN CURRENCY AND BANKING

The Indian currency system

The gold exchange standard

Before the last Great War India had a currency system commonly known as *the gold exchange standard.** In that system the silver rupee was the medium of exchange and measure of value for *internal purposes ; for external purposes* gold could be had in exchange for the rupee and the rupee for gold. The exchange value of the rupee in gold or its foreign exchange value was fixed by the Government of India which undertook to supply gold in exchange of rupees and rupees in exchange of gold at a fixed value.

This the government was able to do with the help of its reserves of gold in London known as the *Gold Standard Reserve* and reserves of rupees in India chiefly in the *Paper Currency Reserve* and in the treasuries.

The sterling exchange standard

After the War there have been numerous and important changes in the Indian currency system. Among them the most important is the linking of the rupee to the English sterling by which the Indian currency system has come to be on *the sterling exchange standard.*

Formerly the rupee was convertible into gold for *foreign payments,* now it is convertible only into sterling or English currency which is itself not freely convertible into gold. The rupee has thus no fixed gold value now.

* *The essentials of gold exchange standard were*

(*a*) the use of two currencies, one for local and the other for international purposes, and

(*b*) a mechanism to maintain the value of the local currency in terms of the international.—*Chablani.*

The gold bullion standard

The Royal Commission on Currency and Exchange (The Hilton-Young Commission) has recommended* the establishment of the *Gold Bullion Standard* in India. The Government of India is committed to the establishment of the Gold Bullion Standard as soon as conditions would permit. In the Gold Bullion Standard,† the silver rupee will be convertible not into *gold coins* but into gold metal or *gold bullion.* The rupee will have, by law, a fixed gold value and gold bars would be available freely and for all purposes in exchange of silver rupees or notes in quantities of not less than 260 fine ounces.

The Indian currency consists of

(a) *coins, the silver rupee (which is a token coin and is also the standard money in India) and subsidiary coins (e.g.,* the half-rupee, the quarter-rupee, the two-anna bit, the anna bit, the pice and the pie), and

(b) *paper notes* (convertible into silver rupees) of different denominations (Rupees 5, 10, 50, 100, 1,000, 10,000).

Banking in India—Principal Types

Banking in India is done by

(1) *the native Indian bankers,* the mahajan and the sahukar,
(2) *the Indian joint stock banks,*
(3) *the European exchange banks,*
(4) *the Imperial Bank of India,* and
(5) *the Reserve Bank of India.*

The *Government* is also a big banker in India. Banking operations are also carried on by the thousands of *co-operative banks* in the country.

* The other recommendations of the Commission relate to (1) the ratio of exchange between the Indian and the English currency, (2) the establishment of a Reserve Bank of India.

† The Indian currency system under the gold bullion standard will have all the *essential features* of the gold standard : (1) a fixed gold value, (2) free convertibility into gold, and (3) free export and import of gold.

The Mahajan

The village mahajan has usually a very bad reputation for his usury. He performs *important services* as the purchaser of the produce of the village, as the agent of some big European firms, as the village shopkeeper and, most notable of all, as the village banker or money-lender.

The Indian mahajan deals principally in lending rural credit *and in financing the internal trade of the country.* Until he can be adequately replaced, *the aim of the reformer should be to limit the powers of mischief of the mahajan* and to reform him if possible.

The Indian Joint-Stock Banks

The Indian joint-stock banks are organised on the model of the European banks and have followed western methdos of banking. *The development has been slow because of many reasons, e.g.,* our backward banking habits, government *indifference, public apathy* and *foreign competition.*

The future of Indian banking will depend largely on the establishment of local joint-stock banks of the smaller size. *The State should actively encourage and foster the growth of joint-stock banking in India.*

The European Exchange Banks

All the banks in India, with one exception, which deal in foreign exchanges and which finance her foreign trade are *non-Indian.*

This has had its consequences. *India's exchange and foreign trade are controlled by the foreigner* and the Indian wishing to do business with foreign countries does not get the same facilities from the exchange banks which they offer to the European. The Indian is, therefore, under a handicap under the present conditions. The foreign banks have now extensive business in financing India's internal trade also. The existence of foreign banks involves the *loss of trading and banking profits to India.*

Since foreign banks have in the past acted adversely to India's interests *it is proposed to regulate foreign banks and develop Indian banks.*

The Imperial Bank of India

The Imperial Bank of India, the biggest bank in India and, until recently, the apex of her banking structure, has been established by the amalgamation of three Presidency Banks. Besides performing the ordinary banking functions, *it enjoyed certain privileges* which have been withdrawn since the establishment of the Reserve Bank of India.

It has opened numerous branches in the country. According to the terms of an agreement with the Reserve Bank, the Imperial Bank shall

be its sole agent at all places where the Reserve Bank has no branches.

Complaints have been heard against the Imperial Bank in its treatment of Indian banks and Indian business men. *Its capital and management are overwhelmingly foreign.*

The Reserve Bank of India

The absence of a true Central Bank had been the most serious drawback of the Indian banking system. This, however, has been removed by the establishment of the Reserve Bank of India in 1935 with a share-capital of 5 crores subscribed by the public.

The Bank has taken over important *functions*—which were formerly performed by the Government or by the Imperial Bank of India.

(1) It has *the sole right of note-issue* and it *manages the currency.*

(2) It is *the banker to the government and to all the banks in the country.*

(3) It is to safeguard the *financial credit of the country* and guide the *banking and financial development* of India.

The general control of this Bank has been entrusted to the Central Board of Directors consisting of a Governor and two Deputy Governors appointed by the Governor-General-in-Council, four directors nominated by the same authority, eight directors elected on behalf of the shareholders on the various registers maintained by the Bank at Bombay, Calcutta, Delhi and Madras and one government official nominated by the Governor-General-in-Council.

The Bank has two departments—the Banking Department and the Issue Department. The Reserve Bank of India in its Banking Department has been authorised to function as a banker of the government and of other banks of the country. The Issue Department is in charge of note-issue and has at its disposal the combined resources of the Gold Standard Reserve and Paper Currency Reserve.

The government as a banker—the postal savings banks

The Government in India is also a big banker. It takes deposits from the people through its *post office savings banks* and pays interest on them. The total volume of deposits in the postal savings banks amounted to Rs. 67 millions in 1935-36. In a poor country like India where banking facilities are extremely meagre they serve a very useful purpose. The Government also lends money to the ryots as agricultural advances *(takavi loans)*. The volume of these transactions amounts to several crores of rupees every year.

The Co-operative Banks

The Co-operative Banks have been discussed in detail elsewhere. They are of three grades (1) *the Primary Society,* e.g., *Village Bank,* (2) *The Central Bank* which finances the village banks, and (3) *the*

Provincial Bank which finances the central banks and the whole co-operative movement in the province.

The main deficiencies of Indian banking

(1) *Insufficient banking facilities in India* are due not so much to the poverty of the people as to their habits of hoarding. For every 13 sq. miles there is a bank in Britain whereas in India we have a bank in every 3500 sq. miles.

Japan with one-sixth of India's population has banks 15 times as many as we have in India, the United Kingdom with nearly one-seventh population has banks 20 times as many as in India.

(2) Those which exist are of *very small size*. The Imperial Bank of India, the biggest Indian Bank, has only one-third of the deposits of the National Provincial Bank, the smallest of the 'big five' in London.

(3) *Our banks lack variety* and *deal principally in short term loans.* We have no banks of our own to deal with our foreign exchanges nor have we industrial and land mortgage banks* which would help our industries and agriculture by long-term loans. Also we have no municipal savings banks as they have in the West.

(4) *The Indian banks have not yet developed branches in the country.* The mofussil is still, almost exclusively, dependent on the village mahajan who is 'a dangerous and expensive necessity'. The rates of interest are, as a consequence, disproportionately higher in the villages than in the towns where the mahajan has a competitor in the town banks.

Summary

Before the War, India was on the *gold exchange standard.* It is now on the *sterling exchange standard.* India would be on *the gold bullion standard* as soon as conditions would permit.

The Indian *currency* consists of *coins, e.g.,* rupee and subsidiary coins and *paper notes* convertible into rupees. The currency and note-issue is controlled and managed by the Reserve Bank of India.

The Indian banking system comprises (a) *the mahajans,* (b) *the Indian joint-stock banks,* (c) *the European exchange banks,* (d) *the Imperial Bank of India,* and (e) *The Reserve Bank of India.*

*** Land Mortgage Bank**

The supreme need is the organisation of *efficient rural credit.*

The present co-operative banks can never replace the money-lender. *The only type of bank which can advance loans for long periods is the Land Mortgage Bank.* The advances, which would represent a vast sum, can be made out of funds to be raised mainly by borrowings under government guarantee. The loans would be secured by mortgages of lands. Land Mortgage Banks have been started on a co-operative basis at some places in the country.

CHAPTER XIV

INDIAN FINANCE

"A sound state of finance is of paramount importance to the political health of the nation."

Central and Provincial Finance

The pre-Reform period

In the pre-Reform period (before 1920-21) the finances of the country were centralised, as functions of government were centralised, in the Government of India.

The Provincial Governments had practically no control over their own finances and no financial responsibility. The Government of India controlled even the smallest details of all types of expenditure.

Such a system had obvious difficulties. The Central Government which distributed the funds could not accurately estimate the needs of the Provincial government for want of local knowledge. The provinces had no motive for economy or for the development of revenue resources inasmuch as they would not profit by any such scheme.

The change under the Reforms of 1919

Under the Reforms of 1919 the rigid centralisation of finances was abandoned. In 1920, based on the recommendations of a Committee presided over by Lord (then Sir James) Meston, a division of the finances of India was made. This financial arrangement which goes by the name of *the Meston Settlement* made a clear division between the financial resources of the Central Government and the finances of the Provincial Government.

Allocation of Revenues

Under the Meston Settlement the revenues were allocated to the Centre (Government of India) and to the Provinces (Provincial Governments) in the following manner :

Central	Provincial
1. Customs and Excises other than those on alcohol and narcotics.	1. Land Revenue.
	2. Excises on alcohol and narcotics.

Central	Provincial
2. Income-Tax and Super-Tax.	3. Stamps.
3. Salt.	4. A share in the future increase of the Income-Tax.
4. Opium.	5. Registration Fees.

The Central Government further received a share of the profits from the Railways and from the Post Office or any other national undertaking.

The Provincial Government was to receive the revenue from irrigation works, forests and other state-property.

Provinces were laid under the obligation to meet the deficit of the Central Government by contributions which were subsequently abolished.

Federal Finance and Provincial Finance

Till the inauguration of the Federation the sources of Central Revenues will remain, more or less, unchanged.

Under the new constitution the rigid separation of revenues introduced by the Meston Settlement is removed. There is a fresh allocation of revenues on a new basis.

Certain sources of revenue will be exclusively federal; *e.g., import duties* (except on salt), *corporation tax, tax on federal incomes, receipts from railways and other Federal commercial undertakings, coinage, share in the profits of the Reserve Bank, export duties (except the export duty on jute, salt duties, tobacco and other excises (except those on alcohol and narcotics)*. These will be collected and spent by the Federation.

Revenues derived from certain sources, again, will be collected by the Federation, but will be assigned to the provinces either in full (*e.g., succession duties, commercial stamps, terminal taxes*) or in part. The provinces are to receive a share of the *income-tax;* whereas jute-growing provinces even now receive a portion of the proceeds of *the jute export duty*.

There will be other sources of revenue which will be exclusively provincial, *e.g., Land Revenue, Excise on alcohol and narcotics, Judicial Stamps, Taxes on agricultural incomes.*

Five provinces (the U. P., Assam, N. W. F. P., Orissa and Sind) are to get grants in aid or subventions from the Central Revenues.

The new allocation of resources is based on the provisions of the Act of 1935, supplemented by the Report of *Sir Otto Niemeyer*, the financial expert, appointed by the British Government and has come into force on and from April 1, 1937 with the introduction of *provincial autonomy*.

THE STATE OF INDIAN FINANCE

1. *The Central Budget*

Budget Estimates of Revenue and Expenditure of the Government of India for 1940-41 (in crores of rupees).

REVENUE		EXPENDITURE	
Principal Heads of Revenue		**Principal Heads of Expenditure**	
Customs	37·86	Defence (net)	59·41
Central Excise Duties ...	11·44	Debt charges (net) ...	12·11
Corporation Tax ...	5·30	Civil Administration (net)	11·81
Taxes on Income other than Corporation Tax ...	14·20	TOTAL PRINCIPAL HEADS ...	83·33
Salt	8·20		
Opium	·47	Civil Works (net) ...	3·23
Other heads	1·01	Miscellaneous	3·67
		Other Expenditures ...	41·47
TOTAL PRINCIPAL HEADS ...	78·48		
			1,31·70
Other heads		Surplus	·04
Railways* (net receipts) *as per railway budget*	37·82		
Currency and Mint (net receipts)	1·24		
Posts and Telegraphs (net receipts)	1·07		
Other receipts	13·13		
GRAND TOTAL	1,31·74	GRAND TOTAL	1,31·74

A. Central Revenues

1. Customs

The central revenues are mainly derived from customs which source is estimated to bring in 1941-42 an yield of roughly 35 crores—the fall in revenue being due to the large fall in the imports due to the War.

The customs duties include:

(1) *the duties on imports, e.g.,* duties on motor cars, playing cards, etc.

* Railways have a budget shown separately from the Government's general budget. Under the existing arrangements, a portion of railway profit goes to the general revenues, because the greater part of Indian railways is owned and has been financed by the State.

(2) *the duties on exports, e.g.*, duties on jute, rice.

In India, the customs duties are of two kinds:

(*a*) *revenue duties* which are levied for the general purposes of the state, *e.g.*, the duty on cigars and cigarettes.

(*b*) *protective duties*, which are levied for the protection of our industries, *e.g.*, the duties on matches, sugar, iron and steel, etc.

2. Income-Tax and Corporation Tax

Income-tax comes next with an estimated total of 14·2 crores in 1940-41 together with an additional yield of about Rs. 5.3 crores from the corporation taxes.

Incomes below Rs. 2,000/- in a year are not taxed. Of all taxable incomes above Rs. 2,000/- the first Rs. 1,500/- of income is exempt from tax, but after that taxes are levied at a progressive rate because people with higher incomes are able to make higher sacrifices. An important feature of the new Income-Tax Act is the replacement of the 'step system' by the 'slab system'.

The war has brought a surcharge on income taxes and super-taxes.

Its potentialities

The income-tax bids fair to be substantial source of revenue in future. At first a comparatively insignificant item in comparison with the other sources of revenue, it has gradually advanced in importance. Before the last War (1914) it yielded a revenue of only 3 crores of rupees. But in 1921-22 the income from this source swelled to 22 crores of rupees. Since then the income-tax yield had shown a decline, but the outbreak of another war has again seen an increase in the yield from Income taxes.

Corporation Tax or Taxes on the profits of companies is now shown separately in the budget. This source is expected to yield about five crores and half in 1940-41.

3. Central Excise Duties

Excise duties, other than those on alcohol and narcotics, are imposed by the Central Government, *e.g.*, duties on sugar, matches. This item is expected to fetch over about eleven crores in 1940-41.

4. Salt

The salt tax, a highly unpopular tax in all poor countries, is more so in India because the people are poorer than elsewhere and the tax is a tax on necessaries, operating with great hardship on the poor.

The estimated yield is Rs. 8·20 crores (1940-41). It is levied at the rate of Re. 1/4 annas per maund or 2 pice per seer. Its only merit is that it is the only tax which the masses pay. The salt tax is likely to be abolished in future.

5. Opium

Under the League of Nations Convention, opium exports have been restricted and virtually stopped (1935).

Besides, the government derives revenues from tributes paid by the Indian States and from the profits of railways, coinage and currency.

B. Central Expenditure

The most noteworthy feature of the central expenditure is the high cost of the civil and military administration of a country so poor as India.

The civil and the military administration, the cost of collection, interest and pension payments absorb nearly 80 crores. This leaves a balance of less than 3 crores for the ministrant and beneficent functions of the state for its 35 crores of citizens.* The central budget has, therfore, been the subject of much adverse comment.

1. Military expenditure

The military expenditure amounts to 59·41 crores roughly, and is, proportionately to the income, the highest in any country in the world.

The expenditure can be and should be reduced by the reduction of the army strength and by 'the Indianisation' of the Army in India.

2. Debt charges

The debt charges constitute another big total of 12·11 crores. There would have been no complaint if the borrowings were all for productive purposes and in India.

3. Civil Administration

Civil Administration costs 11.81 crores. It has been a frequent complaint that the Indian administration is top-heavy and extravagant. A large sum is wasted in paying high salaries at the top and in foolish pageantry.

2. *The Provincial Budget*

Having discussed the budget of the government of India, we come to the discussion of the budget of a province.

Let us take, for instance, the budget of Bengal.

Budget Estimates of the Revenue Receipts and Expenditure of the Government of Bengal for 1941-42 **(in crores of rupees.)**

REVENUE

Principal Heads of Revenue	
Land Revenue	3·67
Provincial Excise ...	1·75
Stamps	2·55
Customs (share of the Jute Export Duty)	1·80
Income-Tax (other than Corporation Tax) ...	·87
Forest	·25
Registration	·28
Motor Vehicles Taxes ...	·22
Other Taxes & Duties ...	·51
(a) Taxes on ...... luxuries, entertainments, betting	
(b) Receipts from Electricity duties etc.	
Other Heads ...	·20
Opening balance ...	1·93
TOTAL REVENUE RECEIPTS	14·03
Deficit	1·34

EXPENDITURE

Principal Heads of Expenditure	Voted	Charged
Police	2·21	·18
General Administration	1·27	·37
Administration of Justice	·71	·28
Jails	·37	·01
Education ...	1·80	·09
Medical Relief ...	·51	·06
Public Health ...	·51	·01
Agriculture ...	·44	·01
Industries ...	·27	—
Veterinary ...	·07	—
Civil Works ...	1·56	·73
Pensions ...	·81	·32
Famine Relief ...	·02	—
TOTAL	12·61	
Other Heads ...	2·76	
TOTAL REVENUE EXPENDITURE	15·37	

A. Provincial Revenues

Bengal has a small revenue in proportion to her area and population.

Bengal with her population of 50 millions, has a revenue approximately thirteen crores. Bombay with a population nearly one-third of Bengal (18 millions) has the same revenues as Bengal.

Bengal lives largely on the revenues from 'Stamps' and 'Excise' which come mainly from the people's habits of litigation and drinking. These sources of revenue are not welcome from the national standpoint. The land revenue yield is small because of the Permanent Settlement.

1. Land Revenue

Land revenue, the steadiest of the major heads of revenue, which should bring much more, brings only a little over 3½ crores. The land revenue, as assessed at present, is extremely inelastic in character and also offends against the canon of equity.

2. Stamps

Stamp revenue, rather unsteady, is derived from two sources: (i) *judicial stamps, e.g.,* court fees, fines and penalties are realised in stamps; and (ii) *non-judicial stamps, e.g.,* stamp duties on bills of exchange and other commercial documents as also the stamp duties on impressing documents. The yield from these sources in nearly 2.55 crores and, as such, is one of the most important sources. It is undesirable that the province should thrive on the litigation of the people.

3. Customs

The customs revenue is really Bengal's share, as a jute-growing province, of the receipts from the central export duty on jute. The share, approximately 1.8 crores, has been a great relief to Bengal's exchequer. The yield under this head depends upon world trade conditions and has fallen due to a shrinkage of foreign trade on account of the war.

4. Excise

The excise revenue is obtained from the sale and manufacture of liquor, ganja and toddy as also from the sale of opium. It brings a sum of nearly 1.7 crores. Along with stamps,

excise is another undesirable source of revenue. With prohibition as our goal, this source of revenue is likely to diminish in importance in the near future.

5. Income-Tax (other than Corporation Tax)

A sum of nearly Rs. 87 lakhs under this head represents a share given to Bengal out of the net proceeds of taxes on income (other than agricultural income) under an arrangement with the Government of India.

6. Irrigation

The revenue from irrigation is small in Bengal, though it is a big item in some provinces. Bengal requires little irrigation having a natural and plentiful supply of water.

7. Salt

The Government of India with a view to protection of inland salt industries has imposed an *additional* import duty on foreign salt, the net proceeds of which would be distributed to the provinces depending on foreign salt supplies.

Other important sources are forests and registration.

B. Provincial Expenditure

Coming to provincial expenditure we find that the Government of Bengal spends Rs. 2/8 per head of population each year as compared with Rs. 8/- per head spent in Bombay.

This expenditure of Rs. 2/8 is distributed in the following manner. *For the education, medical relief and the care of the health of the citizen, the government spends 8 annas a year per head. For policing him, it spends more than 12 annas a year. For furnishing him with the magistracy and the general machinery of administration it spends the remaining sum of nearly Re. 1/4 per head per year.*

The *principal items of expenditure under the Reforms of 1919, were classed under two heads,* those relating to (1) *the reserved subjects,* and relating to (2) *the transferred subjects.* Under the Act of 1935, this distinction is not maintained, but a new distinction is made between expenditure which is subject to the vote of the Legislature (VOTED) and that which is *charged* on the revenues of the province (CHARGED).

1. Police

The police expenditure comes at the top with an approximate sum of 2.4 crores. Like the Army at the centre, the police expenditure in the province has come in for much justifiable criticism. The expenditure should be curtailed to find money for other needs of the province.

2. General Administration

The general administration is another costly item with Rs. 1.64 crores. There has been a large increase in expenditure since the new Reforms.

3. The Administration of Justice and the Jails

These items cost another large sum of over 1⅓ crores.

Retrenchment should be effected in these departments to give more value to the tax-payer in the form of education, health, industrial development and social welfare.

4. Education

Education, which should come first, does not receive the attention it should, from the authorities—the education grant being only 1·8 crores. The expenditure under this head is going to increase with the introduction of compulsory primary education in the province. The main burden of expenditure is, however, borne by private enterprise which maintains a large number of private schools and colleges.

5. Medical Relief and Public Health

These subjects come next with a total of nearly a crore. The present expenditure is hopelessly inadequate to tackle seriously the problem of health in the province. More funds are necessary under this head.

6. Agriculture and Industries

These two important departments, concerned as they are with the finding of food and employment for over 50 million men and women, are starved with a paltry sum of 71 lakhs.

To bring health, prosperity, and contentment to the province, the expenditure under these heads must be increased.

3. India's Public Debt

India's debt burden is estimated at about Rs. 1,236 crores. The debts have been contracted

(*a*) for unproductive purposes and for the growth and expansion of British Imperialism in the East, such as the waging of wars in India, China, Burma and Egypt ;

(*b*) for making gifts to the British Government as was done during the last Great War ; and

(*c*) for productive purposes, *e.g.*, to build railways and irrigation works in India.

India is morally bound to respect those obligations which have been contracted demonstrably in India's own interests but justice demands that Britain should release India from that portion of her financial burden which India bears at present for Britain, since the whole of it was contracted in pursuance of British imperial interests. The Congress claims a scrutiny of the debt to apportion the burden between Britain and India.

A sum of Rs. 51 crores, or nearly 25% of the total expenditure of the Central and Provincial Governments, has to be paid annually on account of these debt charges.

Summary

'A sound state of finance is of paramount importance to the political health of the nation'.

The *principal heads of revenue* of the Government of India are : (i) *Customs,* (ii) *Income tax,* (iii) *Salt,* (iv) *Opium,* (v) *Central Excise.*

The principal heads of expenditure of the Government of India are : (i) *Defence,* (ii) *Debt Charges,* (iii) *Civil Administration,* (iv) *Post and Telegraphs and* (v) *Railways.*

The princiual heads of revenue of a Provincial Government are : (i) *Land Revenue,* (ii) *Provincial Excise,* (iii) *Stamps,* (iv) *Registration,* (v) *Forest,* etc.

The principal heads of expenditure of a Provincial Government are : (i) *General Administration,* (ii) *Police,* (iii) *Administration of Justice,* (iv) *Jails,* (v) *Education,* (vi) *Medical Relief and Public Health,* and (vii) *Agriculture and Industries.*

INDEX

Part II

QUESTIONS

PART I

BOOK I (POLITICS).

Introduction.

1. Define the scope of Civics. (C. U. 1930).
2. What is meant by Civics and what does it deal with? (C. U. 1927).
3. What do you understand by the term Civics? How is the subject related to Politics, Economics and Ethics? (U. P. Inter Board, 1928).
4. Define Civics and briefly discuss its scope and methods. (U. P. Inter Board, 1930).

Chapter I. Origin and Development of Society.

1. What is the origin of society?
2. 'Modern society exalts the individuals.' Discuss.
3. Write short notes on

   (*a*) Family, (*b*) Clan, (*c*) Tribe, and narrate their part in the development of society.

Chapter II. Society and the Individual.

1. Discuss the place of the individual in society.
2. What are the aims of society?
3. Explain and examine the ideals of order and progress.

Chapter III. Evolution of the State and Theories of Origin of the State.

1. Trace the evolution of the modern state.
2. What have the forces in state-building?
3. What is the true theory of the origin of the state?
4. Discuss critically the social contract theory of the origin of the State. (C. U. 1939).
5. "The state is a living organised unity, not a lifeless instrument." Discuss the soundness or otherwise of this view. (C. U. 1940).
6. "The state is the result of brute force." Discuss the validity of this theory of the state. (C. U. 1941).

Chapter IV. The State.

1. Distinguish between "Society" and "State" and briefly discuss their mutual relations. (U P. Inter Board, 1930).

2. Define and in general terms explain the purposes of the state. (C. U. 1933).
3. "A state is a people organised for law within a definite territory." Explain. (C. U. 1927).
4. What are the essential characteristics of the state? Point out the distinctions between State and Government. (C. U. 1929).
5. What is a nation? Is India a nation? (C. U. 1930)
6. Define—state and government. (C. U. 1931).
7. Distinguish between state and government. (C. U. 1934).
8. What is meant by the State? Explain the distinction between State and Government. (C. U. 1937).
9. What are the elements of nationality? Is nationality a satisfactory basis of modern state? (C. U. 1938).
10. "State is the first essential condition of civilised life." Discuss. (N. U. 1936).
11. How far is India a nation? What are the chief factors that retard the development of Indian nationality? (U. P. Board, 1929).

Chapter V. Liberty and Authority.

1. Explain the term liberty. Is it consistent with Authority? (C. U. 1926).
2. Distinguish between 'civil liberty' and 'political liberty'. Discuss their relative importance in the life of a citizen. (N. U. 1936).
3. What do you mean by civil and political liberty and law? (C U. 1928).
4. Explain fully the idea contained in the following—
   "The recognition of political authority is the indispensable condition of liberty." (C. U. 1929).
5. "Law is the condition of liberty." Amplify. (C. U. 1932).
6. Define—Law. (C U. 1931).
7. Write a short note on political and civil liberty. (C. U. 1932).
8. Explain the relationship between law and liberty. (C. U. 1932).
9. Examine the statement: Law is the condition of liberty. (C. U. 1933; N. U. 1938).
10. In what sense is liberty a creation of the law? (C. U. 1935).
11. Can liberty exist without law? (C. U. 1937).
12. 'The true test of liberty lies in the extent to which the law of the land helps the citizen to develop all that is good in him.' Discuss. Examine the relation between law and liberty. (C. U. 1939).

Chapter VI. Liberty and Equality.

1. What is the relation between liberty and equality?
2. What are the different reforms of equality?

Chapter VII. Citizenship.

1. What are the characteristics of a citizen? Distinguish a citizen from an alien. (C. U. 1930).
2. Distinguish between a natural citizen and a naturalized citizen. (C. U. 1931; C. U. 1933; N. U. 1937).
3. Describe the various methods for the acquisition of citizenship. (C. U. 1938).
4. What do you understand by citizenship? What are the different ways by which citizenship can be acquired? (N. U. 1937; 1939).

Chapter VIII. Citizenship: Rights and Duties.

1. "Rights imply duties." Explain. (N. U. 1939). Enunciate some of the important rights enjoyed by a citizen in modern state. (C. U. 1927).
2. "Rights of a citizen have their corresponding duties." Write an explanatory note on this, giving illustrations by reference to the citizen of a Bengal village. (C. U. 1930).
3. (*a*) Define citizenship. (*b*) What are the rights and duties of a citizen. (C. U. 1928).
4. Bring out clearly the distinction between a citizen and a resident alien. What are the fundamental obligations (duties) of a citizen? (C. U. 1929).
5. What do you understand by the phrases *freedom of speech* and *freedom of the press*? (C. U. 1933).
6. Rights and duties go together.—Explain. (C. U. 1932). Rights are the only counterpart of duties. Explain. (U. P. Board, 1928).
7. Define Right. Enumerate the civil rights of a citizen. (C. U. 1931).
8. If you find that the elections to the municipal board of your town are not properly conducted or are interfered with by interested parties, what should be your duty as a citizen? (C. U. 1932).
9. What are the rights of a citizen to (*a*) public meeting, (*b*) freedom of speech? (C. U. 1932).
10. Describe the rights and privileges of a citizen in a modern state. Are there any obligations to which a citizen is subject? (C. U. 1934).
11. Discuss the rights and duties of citizens in a modern state (C. U. 1935, 1940; N. U. 1938).
12. Write a short essay on the rights and duties of citizenship. (C. U. 1937).

Chapter IX. Good Citizenship.

1. What qualities are essential in a good citizen? What are the obligations of a citizen towards the state? (N. U. 1936; N. U. 1937).

2. What are the hindrances to good citizenship? (C. U. 1928, 1940; N. U. 1938).
3. Discuss the main obstacles to the exercise of good citizenship. (C. U. 1931).

Chapter X. The Indian Citizen.

1. How far do Indians enjoy the important rights of citizenship?
2. What are the advantages of a free press? Would you impose any limitations upon the freedom of the press in India? (C. U. 1926).

Chapter XI. Family, Village, City, Country and the Empire in relation to Citizenship.

1. Discuss the influence of family upon citizenship.
2. State your views as to the proper activities of a citizen (*a*) in a rural area and (*b*) in a municipal town. (C. U. 1930).

Chapter XII. Organs of Government and Separation of Powers.

1. Explain the theory of separation of powers. Is a rigid separation expedient?
2. Indicate the advantages of sepration of powers and illustrate them from Indian conditions. (C. U. 1926).
3. Write notes on—
   (*a*) The Executive.
   (*b*) The Second Chamber
   (*c*) The Judiciary.
4. 'The strict separation of power is not only impracticable as a working principle of government, but it is one not to be desired in practice.' Comment on this statement. (C. U. 1934).
5. The business of a modern government divides itself into three main parts—legislative, judicial and executive. Illustrate. (C. U. 1935; N. U. 1938).
6. What are the principal organs of government, and what are their respective functions? (C. U. 1937, 1941). Is it desirable in the interests of political liberty to have an absolute separation of powers? (C. U. 1941).
7. How are the powers of the modern state distributed? (C. U. 1938).
8. What principles should regulate the relations of the executive to the legislature? What should be the relations of the Judiciary with the Executive and the Legislature? (U. P. Board, 1928).
9. Discuss the reasons for the existence of the bicameral system of legislature. (C. U. 1941).

Chapter XIII. Functions of Government.

1. Enunciate some of the functions of a modern government. (C. U. 1928).
2. Write short notes on :—
   (*i*) the individualistic or *laissez faire* theory, (*ii*) the socialist theory, (*iii*) the anarchist theory.
3. Describe the functions of the state. 'It is considered to be the duty of the State to concern itself with the well-being of the entire body of its citizens in every sphere of their activity.' Is this view sound? (C. U. 1938, 1940).

Chapter XIV. Forms of Government.

1. 'Democracy may be classified broadly, under two distinct divisions—direct and representative.' Explain and illustrate . (C. U. 1935).
2. Clearly distinguish between a federal and a unitary constitution (U. P. Board, 1934) and also between cabinet and presidential forms of government.
3. In what sense is it true to say that representative government is the best form of government? (C. U. 1934).
4. To what extent have (*a*) representative government and (*b*) responsible government been introduced in India? (C. U. 1934).
5. Discuss briefly the different forms of government, and their respective merits and demerits. (C. U. 1936).
6. What are the main features of a federal government? Discuss its merits and drawbacks. (C. U. 1939).
7. What are the chief forms of government and why is democratic government generally preferred? (U. B. Board, 1930).
8. Distinguish between Cabinet form of government and Presidential form of government. Discuss their respective merits and demerits. (C. U. 1940).

Chapter XV. Democratic or Popular Government.

1. What do you understand by responsible government? (C. U 1926).
2. Define Democracy. Describe briefly the process of law-making in a democracy. (C. U. 1927).
3. Point out the merits and demerits of a representative democracy. (C. U. 1928).
4. Indicate briefly the merits and demerits of popular government. (C. U. 1931).
5. What do you mean by responsible government? Are the Governments of Bengal and of India instances of responsible governments? (C. U. 1931).

6. What is a popular government? Mention the essentials of such a form of government. (C. U. 1932).
7. Discuss the merits and defects of a democratic form of government. (C. U. 1937, 1941; U. P. 1931). Do you think democracy will survive? (C. U. 1941).

Chapter XVI. Public Opinion.

1. What is meant by public opinion? How does public opinion influence popular government? (C. U. 1929).
2. Explain the nature of public opinion. How does public opinion influence legislation? (C. U. 1930).
3. Indicate the part played by the parties and the press in the formation of public opinion.
4. What are the chief agencies that mould public opinion in modern times? Discuss the strength and limitations of these agencies. (C. U. 1934).
5. 'An alert and intelligent public opinion is the first essential of democracy.' (C. U. 1936).
6. 'Successful administration in a modern state depends largely upon the way in which public opinion is formed and expressed.' (C. U. 1938).

Chapter XVII. Parties, Party Government and Party System.

1. Describe the essential functions of political parties in a democracy. (C. U. 1935).
2. Indicate the advantages and disadvantages of the party system. (C. U. 1926; C. U. 1940).
3. Distinguish between a faction and a political party. What are the merits and defects of the party system? (C. U. 1932).
4. What part do political parties play in the work of the state and the education of the citizen? (U. P. Board 1930).

Chapter XVIII. The Electorate.

1. What do you consider to be the true basis of franchise? (C. U. 1926; N. U. 1938).
2. Is education the sole qualification for citizenship or are other qualifications necessary? If so, what are they? C. U. 1930).
3. Write a short essay on manhood suffrage, as applicable to India. (C. U. 1933).
4. 'The question of communal representation in India is being chiefly fought over the form of electorates—joint or separate. Separate electorates are not only bad for the nation but also bad for the minorities themselves.' Discuss. (N. U. 1938).

'The introduction of separate electorate is impeding the growth of Indian nationalism.' Discuss. (C. U. 1941).

5. 'Universal teaching must precede universal enfranchisement'. Discuss. (C. U. 1936).
6. Discuss the merits and demerits of direct and indirect elections respectively. (C. U. 1936).
7. Distinguish between direct and indirect elections. What are their merits and demerits? (C. U. 1939).
8. What, in your opinion, should be the qualifications for the exercise of the franchise? Do you advocate universal suffrage? (C. U. 1939).
9. Describe the methods that have been suggested for the representation of minorities in legislatures. (C. U. 1939).
10. Discuss the case for adult suffrage in India. (N. U. 1939).
11. What do you understand by Secret Voting (Vote by Ballot)? What arguments will you put forward for and against it? (N. U. 1938).
12. State the arguments for and against women franchise. (U. P. Board 1930).

Chapter XIX. Local Government.

1. What do you understand by local government? Mention some of the different types of local self-governing bodies.
2. Indicate the advantages of local government laying stress on its educative aspect.
3. Estimate the value of local institutions as agencies for the training of the people in the art of self-government. Illustrate your answer from the working of those institutions in Bengal. (C. U. 1934).
4. 'The first lessons of self-government should be learnt in local institutions.' Explain and illustrate this statement with reference to the working of local bodies in Bengal. (C. U. 1936).

Chapter XX. The Constitution of a State.

1. What do you understand by the term 'constitutions'? Indicate in brief the merits and demerits of rigid and flexible constitutions. (C. U. 1926).
2. What do you mean by the 'constitution' of a state? Distinguish between (*a*) written and unwritten constitution, and (*b*) rigid and flexible constitution. (C. U. 1929).
3. Distinguish between rigid and flexible constitutions. How can the constitution of (*a*) Great Britain (*b*) India be amended? (C. U. 1939).
4. Give a brief description of the different types of constitutions explaining the grounds on which they are classified. (U. P. Board 1932).

Chapter XXI. Civic Ideals.

1. What is a civic ideal?
2. What are the chief civic ideals that a citizen of a modern state should keep in view? What are the conditions of their realisation?

Chapter XXII. Nationalism.

1. Define nationalism. What are the underlying ideas of the principle of nationality?
2. "Nationalism is a plain highway to internationalism." Discuss. (N. U. 1937).
3. Describe briefly the constitution and the functions of the League of Nations. (C. U. 1936).
4. Has the League of Nations been successful in attaining the objects for which it was established? (C. U. 1939).
5. 'One nation, one state.' *Modern states are nation-states.* Discuss. 'The development of the principle of nationalism and of the idea of the nation-state has contributed to a material change in the essential character of the state.' Elucidate. (C. U. 1940).

BOOK II (INDIAN ADMINISTRATION).

Chapter I. Introduction

1. Write notes on (*a*) the Regulating Act, 1773; (*b*) Pitt's India Act, 1784; (*c*) the Charter Act of 1853; and (*d*) the Statutory Commission.
2. Indicate briefly the policy enunciated by His Majesty's Government in the Declaration of August 20, 1917. (C. U. 1929).
3. Outline the main features of the constitution of an Indian province under the Dyarchy. (C. U. 1930).
4. Explain clearly transferred and reserved subjects in Indian provinces. Enumerate the principal transferred subjects in Bengal. (C. U. 1928).
5. Describe the system of provincial government known as Dyarchy. Why is it so called? (C. U. 1927).
6. What do you mean by Dyarchy. (C. U. 1931).

Chapter II. 1919 and After.

1. It has been urged that the grant of Dominion Status to India ought to satisfy Indian political aspirations. Do you agree? How would you describe Dominion Status? (C.U. 1941).

Chapter III. Authorities in Great Britain.

1. The general *control, superintendence*, and *direction of the* affairs of India vest in the Secretary of State for India. Explain the terms italicised and show by examples how each of these functions is exercised. (C. U. 1932).

2. Describe the powers and duties of the Secretary of State for India. (C. U. 1934).

Chapter IV. The Federation of India.

1. What are the main features of Indian Federation as embodied in the Government of India Act, 1935? (C. U. 1941).
2. Describe the composition and function of the Federal Executive in India under the New Constitution. (C. U. 1940).
3. Describe the constitution and functions of the Central Legislature.
4. Write notes on :—
   (*a*) Position of the Indian states in the federation;
   (*b*) The Governor-General and the Crown Representative;
   (*c*) The safeguards.

Chapter V. The Central Government: Executive.

1. Describe the powers of the Governor-General of India. (C. U. 1936).
2. Describe the composition and functions of the Executive Council of the Governor-General. (C. U. 1935).

Chapter VI. The Central Government: Legislature.

1. Describe the constitution and functions of the Central Legislature in India. (C. U. 1926, 1936, 1937).

Chapter VII. Division of Subjects.

1. What do you understand by Central and Provincial subjects? Enumerate some of them. (C. U. 1928).

Chapter VIII. Provincial Autonomy.

1. What is Provincial Autonomy? Mention its chief characteristics. (C. U. 1933).

Chapter IX. The New Government: The Provincial Executive.

1. Briefly describe the system of provincial administration in India.
2. What is ministerial responsibility? How far is there responsibility in the Govetrnment of Bengal?
3. How far under the Government of India Act has responsibility been introduced into the provincial governments of India?
4. Enumerate the powers and special responsibilities of a provincial Governor.
5. Discuss the relation between the Executive and the Legislature in India in matters of legislation.
6. Indicate the constitutional position of the Governor in an Indian province. (C. U. 1938). What are the Legislative powers of the Governors? (C. U. 1940).

7. What is the relationship between the Council of Ministers and the Legislature in a British Indian province under the new constitution? (C. U. 1939).

Chapter X. The New Government : the Provincial Legislature.

1. Describe the constitution and functions of the Legislature in Bengal or Assam. (C. U. 1938, 1940).
2. Describe the stages through which a bill must pass before it becomes an Act of a provincial legislature in India. (C. U. 1941).

Chapter XI. The District Administration.

1. What are the functions and powers of a district magistrate? How far the theory of separation of powers has been applied in his case?
2. Describe, as briefly as you can, the functions of a Collector-Magistrate in a Bengal district. (C. U. 1933, 1941).
3. Write a short note on the Board of Revenue. (C. U. 1933).
4. What is meant by saying that the District Officer is the pivot of Indian administration? (C. U. 1937).

Chapter XII. Indian States.

1. What is the status of the Indian native states within the Indian Empire? (C. U. 1923).
2. State the circumstances in which the Crown can intervene in the administration of the Indian states.
3. Write notes on :
   Paramount Power, Narendra Mandal (Chamber of Princes), *the Princes and the Federation.*

Chapter XIII. The Judicial System.

1. Describe the system of administration of justice in British India. (C. U. 1939).
2. Describe briefly the judicial organisation in British India. (C. U. 1934; N. U. 1938).
3. Give some account of the organisation of the judicial system in British India. (C. U. 1937).

Chapter XIV. The Services.

1. Write a note on Indianisation of the Service.
2. Discuss the problems of the Services.
3. Write short notes on :
   (a) Public Service Commission. (C. U. 1933, 1936).
   (b) The Civil Services in India. (C. U. 1936).

Chapter XV. Police and Prisons.

1. Outline the main features of the police system and the jail administration in India.

Chapter XVI. Local Self-Government.

1. Enumerate the various institutions for local self-government in Bengal. Point out briefly the functions that each of them performs. (C. U. 1929).
2. State your views about the proper activities of a citizen: (*a*) in a rural area, and (*b*) in a municipal town. (C. U. 1930).
3. Discuss the advantages of local self-government. What are the causes which have hindered the successful working of local self-governing institutions in India? (N. U. 1939).
4. Discuss the value of local institutions as agencies for training of the people in the art of self-government. Point out the difficulties which have been encountered in working such institutions in India. (N. U. 1936).

Chapter XVII. Municipal Government.

1. What are the functions of municipal government? Mention the principal sources of revenue of an Indian municipality. (C. U. 1926, 1940).

   What are the conditions for the successful administration of municipal affairs? (C. U. 1940).
2. Sketch, in brief, the system of municipal government in Calcutta. (C. U. 1927, 1933).
3. Give an idea of how administration is carried on in a moffusil municipality in Bengal. (C. U. 1931).
4. Describe the constitution of the Calcutta Corporation. (C. U. 1934).
5. What are the main sources of revenue of municipalities in India? (C. U. 1938).
6. Enumerate the chief sources of income and items of expenditure of the Municipalities; and indicate the importance of each of them in the municipal budget of your town or city. (N. U. 1937).

Chapter XVIII. Village Self-Government.

1. Briefly describe the organisation of rural self-government in Bengal or Assam. (C. U. 1927, 1937, 1938, 1941).
2. How far Union Boards help to solve the rural problems of Bengal? (C. U. 1928).
3. Describe briefly the constitution and functions of the District Boards in Bengal. (C. U. 1928).

4. Indicate, with explanatory notes, the powers and duties of a District Board, of a Municipality, of a Local Board and of a Union Board. (C. U. 1931).
5. Describe the constitution, functions, and powers of the Village Punchayet in your province. Have you any suggestions for the improvement of this institution? (N. U. 1936).

Chapter XIX. Some Municipal and Rural Problems.

1. What are the principal city problems? How would you solve them?
2. Discuss the problems of water-supply and sanitation in the villages. How should they be tackled?
3. Write short notes on (a) Calcutta Port Commission (Trust) (C. U. 1933), (b) Calcutta Improvement Trust.

Chapter XX. Education.

1. Give your plan for spreading primary education among the masses in India. (N. U. 1939).
2. Is it correct to say that what India needs to-day is not literary education but technical instruction? (N. U. 1937).
3. What do you understand by vocational education? Show the importance of vocational education in the national life of India. (C. U. 1928).
4. What steps would you suggest for the spread of primary education in Bengal? (C. U. 1931).
5. What are the obstacles to the spread of primary education in India? How could you remove them? (C. U. 1938).

Chapter XXI. Medical Relief and Sanitation.

1. Briefly describe the system of medical administration in a province.
2. Write a brief note on the condition of public health in the big towns in India and suggest how it can be improved. (N. U. 1939).

PART II

BOOK I. (ECONOMICS).

Chapter I. Introduction.

1. Define Economics. What is the subject-matter of Economics? (Pun. U. 1928).
2. "Economics is the science of wealth." Do you agree with this definition? Give your reasons in full. (C. U. 1929).
3. "Economics is the study of man in the ordinary business of life." Explain.

Define the term 'Economic laws.' (C. U. 1933; P. U. 1928).

4. What is your idea of the scope of Economics?
Discuss the value and limitations of the chief methods of its study. (C. U. 1932).

Chapter II. The Development of Economic Life.

1. Trace the growth of the economic society from the earliest times.

Chapter III. Production.

1. Define wealth. Discuss whether or not the following come under your definition:—(*a*) the climate of a country; (*b*) the natural and acquired qualities of its people; (*c*) its good natural harbours; (*d*) its unworked mineral resources. (P. U. 1930).
2. Explain Production. What are the factors of production? (C. U. 1927).
3. What are the leading factors of production? (C. U. 1932).

Chapter IV. Land

1. State what is meant by the term "Land" in Economics. To make your meaning clear, give examples. (All. 1928).
2. State and illustrate the Law of Diminishing Returns.
3. Explain the Law of Diminishing Returns. Does it operate with equal rigour in industry and in agriculture? Support your answer by reasons. (C. U. 1929).

Chapter V. Labour.

1. Distinguish between productive and unproductive labour. (C. U. 1931).
2. What are the causes of efficiency of labour? (All. 1930; P. U. 1929). How can you improve the efficiency of Indian labour? (C. U. 1926).
3. Distinguish between productive and unproductive labour.
'What is of real importance to us to-day is—not whether the labour is productive or unproductive—but whether it is more or less productive, *i.e.*, whether the effort expended results in the production of a large or small amount of wealth'. Explain. (C. U. 1934).
4. What are the various factors on which efficiency of labour depends? (C. U. 1936).

Chapter VI. Capital.

1. How does capital originate? Discuss the part played by capital in production. (C. U. 1926).
2. What are the main causes which influence the accumulation of wealth in a country? How far are those causes present in India to-day? (C. U. 1928, 1940).

3. Distinguish between
   Fixed and circulating capital. (C. U. 1931, 1940).
4. Define capital and discuss its function in production. (C. U. 1931).
5. Indicate the part played by capital in production. (C. U. 1936).

Chapter VII. Organisation.

1. What are the functions of the entrepreneur in modern business and industrial organisation? (C. U. 1928, 1930, 1941).

Chapter VIII. Some Problems of Organisation.

1. Briefly describe the various types of business management.
2. Explain the advantages of division of labour. (C. U. 1926).
3. Discuss the effects of the introduction and use of machinery. (C. U. 1940).
4. What is localisation of industry? Give Indian illustrations.
5. What are the advantages and disadvantages of large-scale production? (C. U. 1928; All. 1928).
6. Compare the relative advantages and disadvantages of large-scale and small-scale production. (C. U. 1935).
7. Comment on the advantages and limitations of production by joint-stock companies. (C. U. 1939).
8. Mention the advantages of the different forms of division of labour. (C. U. 1933).
9. Mention the advantages of large-scale production. Can a small producer hold his own in the presence of large-scale manufacturers in modern times? (C. U. 1933).
10. What are the various ways by which a typical joint-stock company raises its capital? (C. U. 1934).
11. Examine the causes leading to the localisation of industries in particular areas. (C. U. 1937, 1941).

Chapter IX. Value and Exchange

1. What is barter?
2. Mention the difficulties and inconveniences attending exchange by barter. Show how these difficulties are overcome by the introduction of money. (C. U. 1934).

Chapter X. The Theory of Value.

1. How is value determined? Give examples. (C. U. 1927).
2. "Value is determined by the general relations of demand and supply." Explain and illustrate. (C. U. 1928).
3. Write a short essay on the theory of value.

4. Distinguish between
   Value-in-use and value-in-exchange. (C. U. 1931).
5. What do you understand by elasticity of demand? Consider the elasticity of demand in the case of wheat, salt, watches and furniture. (C. U. 1931).
6. Indicate the merits and defects of competition as a factor in modern economic life. (C. U. 1928).
7. How is monopoly price determined? (C. U. 1939).
8. What is meant by 'market' in economics? What are the conditions that govern the extent of a market? (C. U. 1940).

Chapter XI. Money.

1. Describe the functions of money. Explain why the precious metals came to be chosen as money. (C. U. 1928, 1938).
2. What are the chief characteristics to be looked for in the commodity selected as 'money'? Discuss the comparative fitness of precious metals, precious stones, and staple food-stuffs to serve as 'money'. (C. U. 1930).
3. What do you understand by 'token money' and 'standard money'? Illustrate your answer with reference to the Indian rupee. (C. U. 1928).
4. What do you understand by 'Legal Tender'? Distinguish between 'Money Standard' and 'Standard Money'.
5. Write short notes on :—(*a*) Gresham's Law; (*b*) Free Coinage; (*c*) Appreciation and Depreciation of Money and (*d*) Bimetallism.
6. 'Bad money always drives good money out of circulation.' Name and explain the law. How does the good money disappear? (C. U. 1933). "Bad money drives out good." Amplify the statement. (C. U. 1939).
7. Describe the principal functions of money. 'A cheque is not money'. Explain. (C. U. 1935, 1941).
8. Describe the disadvantages of the issue of inconvertible paper money. (C. U. 1936).
9. State and explain Gresham's Law. (C. U. 1937).
10. Distinguish between standard and token money. Illustrate with examples. (C. U. 1937).

Chapter XII. Credit and Banking.

1. Describe the economic functions of banks. Show how a good banking system can further the economic well-being of a country. (C. U. 1939).
2. Explain clearly what is a cheque. How does it differ from paper-money? (C. U. 1940).

3. Clearly explain the operation of a Bill of Exchange.
4. What are the functions of banks? (C. U. 1935).
5. Describe a bill of exchange and the economic service it renders. (C. U. 1936, 1940).
6. "Banks are the dispensers of credit". Discuss the statement. (C. U. 1941).

Chapter XIII. International Trade.

1. Indicate the advantages and disadvantages of international trade.
2. Briefly argue the case for and against Protection laying stress on (*a*) the infant industries argument (C. U. 1941) and (*b*) the diversification of industries argument.
3. Describe the advantages which a country derives from foreign trade. (C. U. 1937).

Chapter XIV. Distribution.

1. What do you understand by "Distribution'? Briefly explain what is distributed.
2. What are the chief principles determining the remuneration of the factors of production? (C. U. 1933).

Chapter XV. Rent.

1. Define 'economic rent' of Land. What factors enter into the determination of rent in India? (C. U. 1930).
2. What is contract rent? How is it determined?
3. 'The price paid for the use of land tends to approximate to the producer's surplus, *i.e.*, to the economic rent.' Explain this statement. (C. U. 1935).
4. Explain Ricardo's theory of rent. (C. U. 1939).

Chapter XVI. Wages.

1. Define wages. How are wages determined?
2. Distinguish between 'money' and 'real' wages. (C. U. 1936).
3. Explain why wage rates vary in different occupations within a country. (C. U. 1937).
4. "The labourer is rich or poor, is well or ill rewarded in proportion to the real, not the nominal wages of his labour." Elucidate show how wages are determined. (C. U. 1941).

Chapter XVII. The Labour Problem.

1. Explain Co-operation. What advantages accrue from it?
2. What is a Trade Union? What are the effects of Trade Unions on wages? (C. U. 1933).
3. Discuss the aims and methods of Trade Unions. (C. U. 1934).

Chapter XVIII. Interest.

1. What do you mean by Interest? Why is it paid and how is it determined? Distinguish between gross interest and net interest. Show how the latter is determined. (C. U. 1941).
3. 'The interaction of the forces which influence borrowers and lenders results in a price for the service of capital—the rate of interest.' Elucidate this statement. (C. U. 1938).

Chapter XIX. Profits.

1. Define 'Profit'. What are its characteristics? How far does it depend upon the abilities of the entrepreneur?
2. 'Profits are unstable and never fixed'. Explain why.

Chapter XX. Consumption.

1. Write a short note on the characteristics of human wants.
2. "Man produces to consume and consumes to produce." Elucidate.
3. State and explain the Law of Diminishing Utility.
4. Write notes on:
   (a) Marginal Utility; (b) Total Utility; (c) Consumer's Surplus and (d) the Laws of Equi-marginal Utility.
5. Write a short essay on luxuries.

Chapter XXI. Saving and Spending.

1. Discuss
   (*a*) The best way to benefit a community is to spend one's income.
   (*b*) From the social point of view saving is always better than spending. (C. U. 1934).

Chapter XXII. Economic Life and the State.

1. Define a tax. What are the canons of taxation? Explain them lucidly.
2. Distinguish between and compare the relative advantages of a direct and an indirect tax. (C. U. 1935, 1940).
3. The rich should be taxed more in proportion than the poor. Why? Do all taxes obey this principle? (C. U. 1931).
4. On what main principles can equity in taxation be secured?
5. Explain the term 'budget'. What do you mean by a deficit budget? How can deficit in budget be ordinarily made good? Refer, if possible, to the financial condition of the province of Bengal. (C. U. 1933).
6. Write notes on (a) Public Debt, (b) Productive Debt, (c) Sinking Fund.

BOOK II (INDIAN ECONOMICS).

Chapter I. Introduction.

1. Illustrate the influence of the prevailing social and religious customs on the economic life of the country. (C. U. 1933).
2. Give a brief account of India's mineral resources. (C. U. 1933).
3. Discuss the economic aspects of the joint family and the caste system in India. (C. U. 1935).
4. Give an account of the coal and iron resources of India. (C. U. 1936).
5. 'The prosperity of India depends entirely on the monsoons'. Elucidate this proposition. (C. U. 1937).
6. What are the chief factors which influence the growth of population in India? (C. U. 1937).
7. Describe the economic consequences of variations in rainfall in India. (C. U. 1939).
8. Discuss the importance of forests in the economic life of India. (C. U. 1940).

Chapter II. The Condition of the Masses.

1. Briefly describe the condition of the masses in India. How can you improve it?
2. Briefly enumerate the causes of Indian poverty.
3. 'The problem of poverty is a very real one in India'. How would you solve it?

Chapter III. Agriculture.

1. 'Though agriculture is the primary industry of India yet it lags far behind that of other countries'. Why is Indian agriculture backward? Can you suggest measures for its improvement? (C. U. 1926).
2. Discuss the main causes of the poverty of the Indian peasant. What remedies have been proposed or adopted for the amelioration of his condition? (C. U. 1930).
3. What steps have the Government taken to improve agriculture in India? (C. U. 1927).
4. What are the main drawbacks of agriculture in India? Suggest some important measures for its improvement. (C. U. 1931).
5. Briefly discuss the difficulties in the way of the improvement of Indian agriculture. (N. U. 1937).
6. "One of the principal handicaps of Indian agriculture is the endless subdivision and fragmentation of land". Elucidate. (C. U. 1941).

Chapter IV. Agricultural Indebtedness in India.

1. Consider briefly the agricultural indebtedness in Bengal and suggest methods for removing this evil. (C. U. 1929).
2. Enumerate the causes of indebtedness of the Indian peasant.
3. Indicate the main causes of agricultural indebtedness in India and suggest methods for alleviating the burden. (C. U. 1932).
4. What are the causes of agricultural indebtedness in India? Suggest some remedies. (C. U. 1935).
5. Describe the measures that have been adopted in India to check the indebtedness of the agriculturist. (C. U. 1937).
6. Examine carefully the causes of agricultural indebtedness in India. How would you fight this evil? (N. U. 1938).

Chapter V. Co-operation and the Co-operative Movement in India.

1. State the fundamental principles of co-operation. In what different ways has the co-operative movement helped to remove the agricultural indebtedness of India? (C. U. 1926).
2. Describe the main features of the co-operative movement in India. (C. U. 1939).
3. Explain fully the organisation of a rural co-operative credit society. What qualities are required in the villagers for its success? (C. U. 1929, 1931).
4. Indicate the various lines on which the co-operative system of India has benefited the country. (C. U. 1932).
5. Trace the development of the Co-operative Movement in India. (C. U. 1934; N. U. 1936, 1938).
6. Describe the functions of Co-operative Banks in India. (C. U. 1936).

Chapter VI. Land Revenue System.

1. Briefly describe the system of land tenure in India.
2. Examine the merits and defects of the permanent settlement of land revenue in Bengal. (C. U. 1939; 1941).
3. 'The Zemindari System is at the root of the poverty of the Bengal peasant'. Do you agree with this statement? Give reasons for your answer. (C. U. 1934).
4. Discuss the merits and defects of the *Zemindari* system of land settlements as prevailing in this country. (C. U. 1936).
5. Describe the main features of the Permanent Settlement. (C. U. 1941).

Chapter VII. Famines and Famine Relief.

1. Indicate the causes of Indian famines. (C. U. 1926).
2. Indicate the causes of Indian famines. What steps have been taken to fight them? (C. U. 1927).
3. What is a famine? Explain the measures that are adopted in India to prevent and to combat famines. (C. U. 1929).
4. Describe the measures adopted for the prevention of famines and the organisation of famine relief in India. (N. U. 1937; N. U. 1939).
5. Describe the organization of famine relief in India. (C. U. 1935)

Chapter VIII. Irrigation.

1. Write a note on the various types of irrigation works in India and indicate their economic importance. (C. 1936; N. U. 1938).
2. What are the different forms of irrigation works existing in India? Discuss their economic importance. (C. U. 1938).
3. Discuss the relative influence of railways and waterways on the economic condition of the rural areas of Bengal. (C. U. 1930).

Chapter IX. Transport and other Means of Communication.

1. 'Railways are an important factor in the economic development of a country.' Explain. (C. U. 1926).
2. Discuss the influence of railway development in India—on Indian industries and her internal and external trade. (C. U. 1928).
3. Discuss the influence of the development of the railway system in India upon (*a*) the rural economy of the country and (*b*) its foreign trade. (C. U. 1932).
4. Discuss the economic advantages of the development of railways in India. (C. U. 1935; N. U. 1939).
5. How would you classify the Railways and the Irrigation works in India? Discuss their relative importance on the economic condition of the rural areas of India (N. U. 1936).

Chapter X. Cottage Industries.

1. Indicate the various ways in which you can develop the cottage industries of India. (C. U. 1928)
2. Name some of the home industries of Bengal. What steps would you propose for their improvement? (C. U. 1929).
3. Enumerate some of the principal cottage industries of Bengal which can be carried on as subsidiary to agriculture. Suggest how best they can be fostered or preserved. (C. U. 1932).
4. Describe some of the more important cottage industries of India. (C. U. 1936). Indicate the difficulties experienced by them. (C. U. 1941).

5. Describe the utility of rural industries in India. Indicate the methods by which such industries may be fostered. (C. U. 1940).

Chapter XI. Manufacturing Industries.

1. What, according to you, are the conditions necessary for the industrial progress of a country? Do they exist in India? (C. U. 1929).
2. Examine the part played by foreign capital in Indian industrial development. (C. U. 1928).
3. What do you think should be the attitude of the Government of India towards industrial development in India? (C. U. 1929).
4. Why are Indian industries backward? How can you improve them?
5. "India possesses an abundance of natural resources and a plentiful supply of cheap labour, but she lacks capital, enterprise and organisation. The defects are, however, remediable." Elucidate this statement. (C. U. 1939).
6. Discuss the importance of industrial education in India.
7. Discuss the question of large-scale and small-scale production in India.
8. Estimate critically the part played by foreign capital in Indian industrial development. (C. U. 1930).
9. Write a note on the Indian Tariff Board. (C. U. 1927).
10. Discuss briefly the causes of the low level of efficiency of industrial labour in India. (C. U. 1934).
11. Which would you advocate for India—Free Trade or Protection, and why? (C. U. 1936). State the infant industry argument for Indian industries. (C. U. 1941).
12. What is meant by 'discriminating protection'. What are the principal industries which have been given protection in India? (C. U. 1940).

Chapter XII. The Trade of India.

1. Point out the chief characteristics of India's foreign trade. (C. U. 1934).
2. Give some idea of the distribution of India's foreign trade (*a*) by principal countries, and (*b*) by chief commodities. (C. U. 1935).
3. What is meant by balance of trade? Why has India, in normal years, a favourable balance of trade? (C. U. 1938).
4. Give an account of India's foreign trade. (C U. 1940).

Chapter XIII. Indian Currency and Banking.

1. Write notes on :—
   (*a*) gold exchange standard, (*b*) gold bullion standard, (*c*) sterling exchange standard.
2. Write a short note on the Indian banking system.

3. Write notes on :
   (a) Exchange Bank, (b) the Imperial Bank of India, (c) Industrial Bank, (d) Land Mortgage Bank, (e) the Reserve Bank of India.
4. Describe the functions of the following types of banks in India:—
   (a) Co-operative Banks, (b) Postal Savings Banks, (c) Exchange Banks. (C. U. 1936).
5. Give an account of the principal types of banks in India. (C. U. 1938).

Chapter XIV. Indian Finance.

1. What is the approximate annual revenue of the Government of Bengal? Mention the chief sources of income of a provincial government in India. (C. U 1926).
2. What are the principal heads of revenue and expenditure of the Government of India? (C. U. 1927).
3. State the principal items of revenue of the Government of India. (C. U. 1928).
4. Enumerate the principal heads of revenue of the Government of Bengal. Why are some heads called 'reserved' and some 'transferred'? (C. U. 1929).
5. Indicate the place and potentialities of
   (a) the income-tax, and (b) the salt-tax in the revenue system of India. (C. U. 1932).
6. What are the chief sources of revenue of the Government of India? (C. U. 1936).
7. What are the chief (a) sources of revenue, and (b) heads of expenditure , of the Government of Bengal? (C. U. 1937).
8 State and discuss the chief heads of (a) Central and (b) provincial revenues in India. (C. U. 1939).